

# PAPER MONEY

OFFICIAL JOURNAL OF THE SOCIETY OF PAPER MONEY COLLECTORS

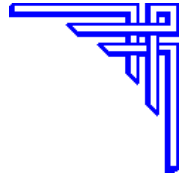
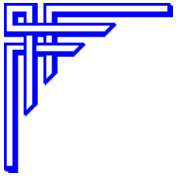
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# Paper Money

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FRED L. REED III, Editor, P.O. Box 118162, Carrollton, TX 75011

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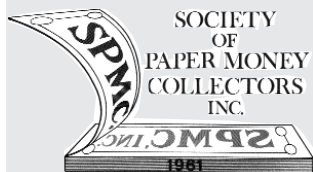
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On our cover, photographic historian and image collector, SPMC member N.M. Graver is also a lensman. He shares his interesting view of a money changing kiosk in Cairo, Egypt. "Those dollar bills must have been 10 feet wide," he noted. Other currency is replicated in smaller form at right. Readers with U.S. addresses may receive one of his elongateds free with SASE at N.M. Graver, 276 Brooklawn Dr., Rochester, NY 14618.



# Society of Paper Money Collectors



The Society of Paper Money Collectors was organized in 1961 and incorporated in 1964 as a non-profit organization under the laws of the District of Columbia. It is affiliated with the ANA. The annual SPMC meeting is held in June at the Memphis International Paper Money Show. Up-to-date information about the SPMC, including its bylaws and activities can be found on its web site [www.spmc.org](http://www.spmc.org). SPMC does not endorse any company, dealer, or auction house.

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Members who join the Society prior to October 1 receive the magazines already issued in the year in which they join as available. Members who join after October 1 will have their dues paid through December of the following year; they also receive, as a bonus, a copy of the magazine issued in November of the year in which they joined. Dues renewals appear in a fall issue of *Paper Money*. Checks should be sent to the Society Secretary. ♦

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# National Bank Note Redemption Errors

## *Research Proves Data on Outstanding Nationals is Unreliable*

by Lee Lofthus

NEW RESEARCH IN TREASURY RECORDS AT THE NATIONAL Archives demonstrates that the published “last outstanding circulation” data for individual national banks used in standard reference catalogs is inaccurate and cannot be relied upon as an indicator of rarity. Errors in the massive process required to count and sort tens of millions of pieces of unfit National Bank Notes each year made their way into the Comptroller of the Currency redemption ledgers, thereby rendering the final entries that we now use unreliable. *The reference books accurately reflect the ledgers, but the source ledgers themselves are inaccurate.*

A review of a representative sample of the Comptroller’s National Currency and Bond Ledgers has identified widespread redemption entry errors where certain denominations of National Bank Notes were redeemed in excess of the numbers of notes issued to the bank. Herein called “overredemptions,” these errors mask the true amount of outstanding notes for the banks. One affected bank was The American National Bank of Apache, OK (charter #12120), listed as having only \$110 in large size nationals outstanding. Five Series of 1902 notes are reported in Kelly’s current census, including three \$20s and two \$10s totaling \$80. Not only do the Currency and Bond Ledgers show all the \$10s issued to the bank as being redeemed, they also include the redemption of an additional 29 \$10 notes beyond those were actually issued! The outstanding amount for the Apache bank is clearly in error. The fact is that \$10 notes from other banks were erroneously recorded against its account.

Similarly, the ledger for The First National Bank of Versailles OH (charter #9336), lists only \$20 in Series 1902 notes as still outstanding, but there were 34 overredeemed \$10 notes from other banks on its ledger. Obviously the data for the \$10s are erroneous, and the \$20 final amount outstanding is wrong.

A review of the ledgers for other banks reveals that such errors are widespread.

### Overredemption Errors

Table 1 lists 60 banks where overredemptions were obvious on the

Currency and Bond Ledgers. These data are representative, and included in order to illustrate the problem.

The scope of the errors was such that any bank with circulation between at least 1914 and 1935 would have been susceptible to misstatement of outstanding amounts. Conversely, because the ledgers for these 60 banks contained errant notes from other banks, the ledgers for those unidentified banks are also in error. The conclusion from these findings is that the “out at close” and “large out at close” data reported in the current catalogs as an indicator of rarity are unreliable. This confirms suspicions held by astute collectors and dealers that something was amiss with these data based on the numbers of notes they had observed in the marketplace.

Occasionally the clerks in the Comptroller’s Bookkeeping Division made adjustments for egregious cases of overredemptions that they noticed. For example, in 1935, a clerk noticed that the total large size redemptions exceeded the total large notes issued to The Holland National Bank, Holland IN (charter #9090), by \$20. As shown on **Table 1**, the clerk reduced the large size redemptions by an arbitrary \$600, and increased the small size redemptions to balance the books. That \$600 adjustment, minus the \$20 overredemption, created the \$580 large out amount listed in our catalogs today. But even after the adjustment, large size twenties remained overredeemed by \$60.

The First National Bank of Buena Vista, VA (charter #9890) is another adjustment case. In July 1933, clerks noticed that the large size tens had become overredeemed by \$540. To correct the ledger, they made the redemptions equal the issues for the ten dollar notes, and increased small size ten dollar redemptions by \$540 to balance the books. Subsequent to that adjustment, \$70 in additional large size tens were received for redemption between July 1933 and July 1935, so the final balance for tens was again overredeemed. Sufficient Buena Vista large size \$20 notes were still outstanding to offset the overredemptions, so the final large out amount in the reference books is \$100, an amount now proven incorrect.

**Table 1** indicates that overredemption errors could be large. The ledgers for The White Hall National Bank, IL (charter #7077), and The Farmers and Merchants National Bank of Kaufman, TX (charter #10757), each exhibit overredemptions in excess of \$1,400.

My research into the Treasury redemption records began as an effort with Peter Huntoon to explain why the current census for The First National Bank of Gardiner, OR (charter #10676), lists 11 large size notes, whereas the Currency and Bond Ledger indicates that all the large notes from the bank were redeemed. Similar all-redeemed situations are found with The Orbisonia National Bank, PA (charter #10335); First National Bank of Kingsville, TX (charter #12968); and Kezar Falls National Bank, ME (charter #9826). Large size notes are reported from all. Obviously all involve erroneous redemption of notes from other banks. In the course of investigating these situations, it became apparent the problem was systemic, and was occurring for at least the last 21 years of the National Bank Note era.

There were two fundamental factors that contributed to the overredemptions: (1) there was tremendous growth in the circulation of National Bank Notes between 1901 and 1915, which more than tripled the nationals in circulation; and (2) changes were made to streamline the redemption and bookkeeping process to keep up with that growth.

## Background on the Redemption Process

It is important to explain the process that the Treasury used to redeem National Bank Notes in order to understand how overredemptions occurred. The Comptroller of the Currency is most often cited as the government office



**TABLE 1: BANKS SHOWING LARGE SIZE OVERREDEMPTIONS BY DENOMINATION**

State	Charter	Bank	Large Out in 1935	Large Notes in Census	Overredemption Condition
OR	10676	FNB Gardiner	\$0	11	\$1,660 in tens overredeemed.
ME	9826	Kezar Falls NB	\$0	1	\$340 in tens overredeemed.
TX	12968	FNB Kingsville	\$0	6	
PA	10335	Orbisonia NB	\$0	3	
MD	4191	Pocomoke City NB	\$10	1	\$620 in twenties overredeemed.
OK	9963	FNB El Dorado	\$20	0	\$60 in tens overredeemed.
OH	9336	FNB Versailles	\$20	0	\$340 in tens overredeemed.
NY	8794	FNB Islip	\$30	1	\$80 in twenties overredeemed,
WV	12483	Citizens NB of Elkins	\$40	4	\$130 in fives overredeemed.
NY	10109	FNB Central Square	\$40	1	\$160 in tens overredeemed.
IL	12000	FNB Coulterville	\$60	15	5th Ed has \$105 out. Ledger has \$60 out. Both \$5 & \$10 notes overredeemed.
MI	12084	FNB Lawton	\$60	6	Fives overredeemed, four \$5 in census.
ND	8265	FNB Binford	\$90	2	\$420 in twenties overredeemed.
VA	9890	FNB Buena Vista	\$100	1	\$610 in tens overredeemed. In 1933, clerks moved \$540 in large redemptions to small size so large tens redeemed would equal issued. An additional \$70 in large tens were later redeemed.
OK	12120	Am NB Apache	\$110	5	\$290 in tens overredeemed.
CO	7637	FNB Fowler	\$140	2	\$100 in tens overredeemed.
TX	7306	FNB of Shamrock	\$150	0	One \$100 note overredeemed.
OK	9944	FNB Hydro	\$170	1	\$10 in tens overredeemed.
NY	12018	FNB Lisbon	\$210	2	\$30 in tens overredeemed.
MD	6144	FNB Mount Savage	\$220	12	\$420 in tens overredeemed.
TX	11163	FNB Lamesa	\$230	1	\$160 in tens overredeemed
ME	9609	NB of Gardiner	\$245	2	\$210 in tens overredeemed.
LA	11795	FNB Ruston	\$250	2	\$250 in tens overredeemed.
NY	10569	Edwards NB	\$250	11	\$120 in tens overredeemed.
PA	11849	FNB Sipesville	\$250	1	\$20 in twenties overredeemed.
OK	8336	FNB Rush Springs	\$260	1	\$40 in twenties overredeemed.
NY	9990	Central Valley NB	\$260	5	\$220 in twenties overredeemed.
NY	9990	Central Valley NB	\$260	5	\$220 in twenties overredeemed.
TX	8249	Citizens NB Higgins	\$275	2	\$105 in tens overredeemed. (1 \$10 half-note was redeemed, thus \$105 out).
NJ	8582	FNB Mays Landing	\$290	2	\$10 in tens overredeemed.
TX	9126	FNB Lockney	\$310	1	\$290 in tens overredeemed, clerk adj in 1935
TN	7225	FNB of LaFollette	\$340	1	\$40 in tens overredeemed.
MD	7064	FNB North East	\$390	1	\$40 in twenties overredeemed.
NJ	10248	Ventnor City NB	\$480	3	\$140 in twenties overredeemed.
VA	7093	Alexandria NB	\$530	11	\$850 in tens overredeemed.
IN	9090	Holland NB	\$580	3	Total large redeemed exceeded issued by \$20. In Aug 1935, closeout clerk adjusted the large redemption totals downward by \$600 and increased small size redemptions to balance. Large twenties remained overredeemed by \$60.

MA	11388	Peoples Southbridge	\$660	9	\$215 in fives overredeemed.
NY	11059	FNB Woodridge	\$660	5	\$200 in tens overredeemed.
MN	6803	FNB Aitkin	\$715	7	\$280 in tens overredeemed.
OK	10332	Farmers NB Cushing	\$720	3	\$70 in tens overredeemed.
TX	10757	F&M NB Kaufman	\$820	6	\$1,480 in tens overredeemed.
WV	8345	Fayetteville County	\$855	6	\$225 in fives overredeemed.
VA	11554	FNB Yorktown	\$900	7	Bank issued only 1902PB \$5. Total Large overredeemed by \$10. In March 35, clerk adjusted large redemptions to show \$900 out, increased small size redemptions to balance.
TX	5897	Graham NB	\$1,040	6	\$730 in tens overredeemed.
IN	9159	FNB Winslow	\$1,120	5	\$390 in tens overredeemed.
IL	8347	FNB Bridgeport	\$1,140	3	\$80 in fives overredeemed.
PA	7363	Parnassus NB	\$1,140	2	\$160 in tens overredeemed.
NJ	8627	FNB& TC Kearny	\$1,170	13	\$100 in tens overredeemed.
NJ	6960	Bernardsville NB	\$1,390	22	\$60 in twenties overredeemed.
NJ	11620	FNB Roebling	\$1,440	9	One \$20 note overredeemed.
NJ	4182	Central NB Freehold	\$1,525	2	Ledger shows twenties overredeemed.
NY	5648	FNB Caledonia	\$1,530	11	\$680 in tens overredeemed.
PA	7349	New Cumberland NB	\$1,640	11	\$80 in tens overredeemed.
MD	8381	Second NB Towson	\$1,810	6	\$135 in fives overredeemed.
CO	9907	FNB Englewood	\$1,830	8	\$200 in tens overredeemed.
NY	8920	Citizens NB Oneonta	\$1,940	16	\$520 in twenties overredeemed.
IL	7077	White Hall NB	\$2,230	15	\$1,430 in tens overredeemed.
MN	7080	Peoples Long Prairie	\$2,250	7	One \$10 large note overredeemed
PA	5727	Gold Std Marienville	\$2,390	11	One \$50 note overredeemed.
TX	8771	FNB Pecos	\$2,635	15	\$660 in tens overredeemed.
PA	7139	Emaus NB	\$3,230	11	Both \$5 & \$10 notes overredeemed. Clerk adjusted balance to small size.

Sources: Comptroller of the Currency, National Currency and Bond Ledgers, 1863-1935;  
Census Data from Don C. Kelly and James M. Kelly, CD Supp to 5th Ed, Version.3.0, 2007

responsible for national banking operations, but the actual process for the redemption of National Bank Notes involved numerous offices in several Treasury Department bureaus.

The currency issue and redemption process was fairly static by 1910. The Bureau of Engraving and Printing (BEP) printed the sheets of new national bank currency and delivered the sheets to the Comptroller of the Currency's Issue Division. The Issue Division managed the vault for the currency received from the BEP, and prepared the packages of new currency to be sent by registered mail to the banks.

Worn currency sent in by banks was received by the Treasurer of the United States. Notes other than nationals were handled by the Treasurer's Division of Redemption. In contrast, worn National Bank Notes, and later Federal Reserve Bank Notes and Federal Reserve Notes, were handled by the National Bank Redemption Agency, a separate division within the Office of the Treasurer.

The duties of the National Bank Redemption Agency were to "receive all National Bank Notes presented for redemption, and to redeem the same; to assort them by banks of issue, to forward the notes fit for circulation to the banks that issued them, and to deliver the notes unfit for circulation to the Comptroller

**TABLE 2: NATIONAL BANK NOTES  
IN CIRCULATION AND REDEEMED**

Year	Circulation Amount	Redemption Amount
1875	\$354,238,291	\$155,520,880
1880	\$339,530,923	\$61,585,676
1885	\$327,022,283	\$150,209,129
1890	\$196,248,499	\$70,256,947
1895	\$207,860,409	\$86,709,133
1900	\$260,293,746	\$96,982,608
1905	\$468,285,475	\$308,298,760
1910	\$707,919,327	\$502,498,994
1915	\$943,887,520	\$782,633,567
1920	\$722,934,617	\$425,741,623
1921	\$729,728,404	\$517,041,511
1922	\$748,385,215	\$624,341,433
1925	\$763,321,196	\$554,778,135
1930	\$696,598,982	\$730,636,001
1935	\$769,095,645	\$516,863,896

**Notes:**

- (1) Source: Annual Report of the Secretary of the Treasury for 1931, Table 37; 1935 data from Comptroller of the Currency Annual Report for FY 1935, p. 53 and Table 28.
- (2) the 1930 Redemption Amount is high due to the mass redemption and replacement of large size national bank notes.
- (3) Chart includes years 1921 and 1922 in order to illustrate large redemption volumes.

of the Currency for destruction and replacement with new notes.” The Redemption Agency also managed the 5% redemption fund for national banks which contained a revolving fund provided by each bank for the redemption of its notes.

The Comptroller’s Redemption Division, separate from that of the Treasurer’s National Bank Redemption Agency, was charged with “the receipt and destruction of worn-out and mutilated notes; also with the safe-keeping, in a vault for the purpose, of notes sent to the office for destruction until they have accumulated in convenient amount.” Upon destruction of worn notes, the Redemption Division sent a certificate of that fact to the Issue Division, through which the worn notes were “replaced by new notes, put up from the stock on hand and transmitted to the proper bank.” The Redemption Division performed its own counts and prepared Destruction Certificates for each bank for unfit notes destroyed. The notes were destroyed in the presence of individuals representing the Secretary of the Treasury, Comptroller of the Currency, Office of the Treasurer, and the national banks.

The several offices all maintained a variety of ledgers and books to account for their activities. After 1911, the Comptroller’s Bookkeeping Division maintained central ledgers to show all notes received, on hand, issued, and redeemed. The Bookkeeping Division also periodically recorded totals for notes issued, redeemed, and outstanding. Other Comptroller divisions handled the bonds backing the notes in circulation, the organization of new national banks, and managed the affairs of insolvent banks. The Public Debt Service maintained control accounts for U.S. securities, the distinctive paper used for securities and currency, and performed aggregate accounting for U.S. liabilities, including outstanding and redeemed currency.

formed aggregate accounting for U.S. liabilities, including outstanding and redeemed currency.

This information reveals that the redemption process was a complex, multi-step task involving a number of Treasury offices with different roles and responsibilities. The involvement of so many offices was an intentional division of responsibility, with commensurate checks and balances to safeguard the hundreds of millions of dollars in currency being handled.

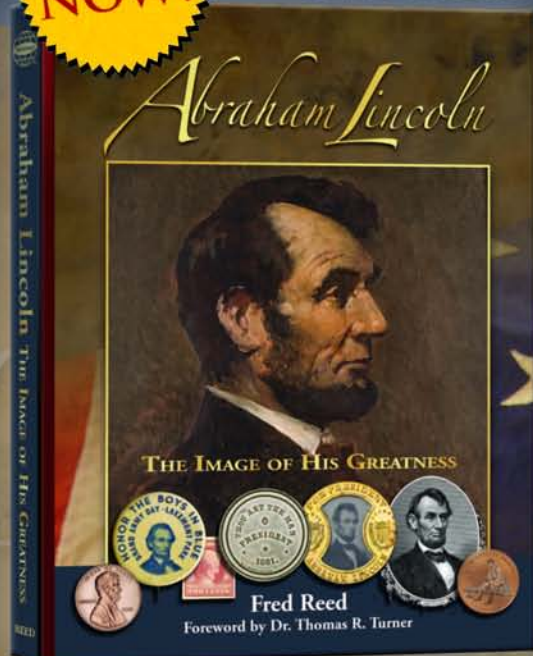
## **The Growth in National Bank Note Circulation and Redemption**

A major factor contributing to redemption problems was the huge growth in the national banking system after 1900. The Act of March 14, 1900, known as the Gold Standard Act, permitted rural banks to be chartered with as little as \$25,000 in capital. The number of national banks began to increase significantly. Don Kelly notes that in “the five years before the act only 257 national banks were organized. During the five years following the act, 2,300 banks were organized.” The circulation of National Bank Notes expanded as these new banks opened; but, more importantly, the bookkeeping needed to track their issues expanded disproportionately to their actual contribution to the money supply owing simply to their large numbers.



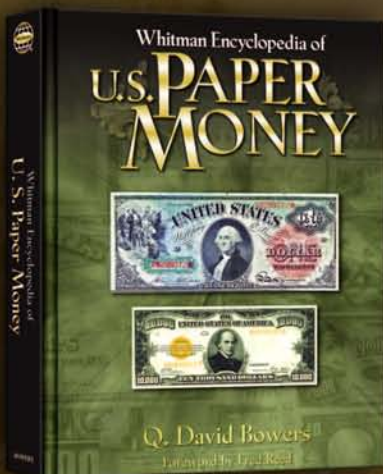
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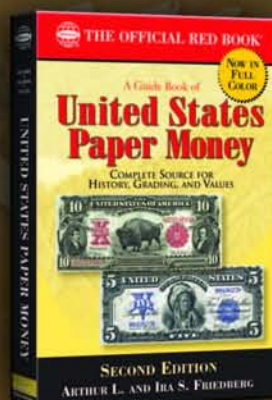


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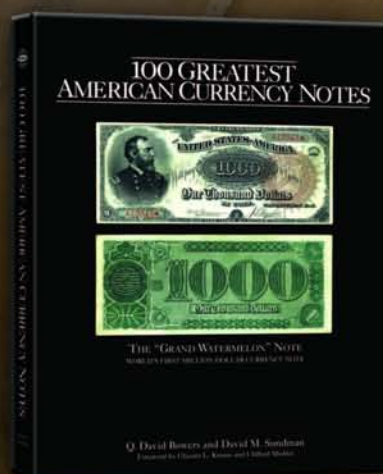
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The Comptroller's Currency and Bond ledgers indicate all the large notes from The First National Bank of Gardiner, Oregon (charter #10676) were redeemed and destroyed. A dozen known notes indicate something was amiss with the redemption records. (Photo courtesy of Heritage/CAA)

Passage of the Aldrich-Vreeland Act in 1908 ratcheted up the pressure on the bookkeepers immensely. Also known as The Emergency Currency Act, this legislation was designed to introduce elasticity into the National Bank Note supply during periods of monetary stringency.

The outbreak of World War I triggered the emergency currency issues backed by "other securities," and new National Bank Notes flooded into the economy. At the peak, \$1.1 billion were outstanding by the end of October, 1914. Thereafter, the total circulation of National Bank Notes hovered between \$700 and \$800 million annually until 1932, when it again began to rise toward \$1 billion.

**Table 2** illustrates the growth in circulation and redemption of nationals from 1875 to the close of the national era in 1935. The reality was that National Bank Note circulation more than tripled from 1900 to 1914, impacting every facet of Treasury operations, and then it got much worse.

### Treasury Offices Expand to Meet the Circulation Demands

The Treasury response to the growing national currency workload can best be measured by tracking the growth of the National Bank Redemption Agency and the Comptroller of the Currency's office. See the employment data on **Table 3**.

National Bank Note redemptions in 1895 totaled \$86,709,133. At that time, the National Bank Redemption Agency had a staff of 48, and the Comptroller had a total staff of 90, including 13 employees in the Redemption Division. By 1903, the volume of redemptions had more than doubled. Staff was being detailed from the BEP to help the Treasurer's office meet the growing workload. The Redemption Agency volume hit a high of \$24 million per month, and individual notes counted were up 16 percent from the prior year, requiring a detail of 18 staff from the BEP. Comptroller William Ridgely's report to Congress noted that the receiving, assorting, counting, and redemption work of his own Redemption Division had increased 45% in three years.

In the ten years from 1895 to 1905, the volume of redemptions tripled, and the National Bank Redemption Agency had a permanent staff of 94, plus 19 detailees, and the Comptroller's staff was approaching 110. Treasurer Charles E. Treat reported to Congress in 1905 that the work of the Redemption Agency was in arrears, over \$2.3 million in five-dollar National Bank Notes were unsorted, and BEP staff was detailed to assist with the backlog. The budget requests from the Comptroller and the Treasurer over the next five years echoed a familiar refrain: work volumes were straining the offices, and more note counters were needed. In 1910, the Treasurer, now Lee McClung, reported the unsorted nationals on hand exceeded \$10 million, again mostly \$5 notes.

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National bank notes in circulation increased 55% between 1905 and 1911. Redemption volume was up 79% during the same period. Staffing at the National Bank Redemption Agency had more than doubled since 1905, increasing to 219 positions in 1911. In January 1911, \$64.8 million in national currency were redeemed. Over 80 new currency counters were hired in 1910 and 1911, but work was still in arrears as reported to Congress. McClung's 1911 report noted the unsorted nationals now exceeded \$14 million.

The workload per person was immense. In 1911, over 57 million National Bank Notes were redeemed by the National Bank Redemption Agency, up from 52.7 million notes in 1910. These were processed by 158 "expert counters." However, because the notes were not handled just once (they went through what equated to at least four separate counts in the Redemption Agency alone) the actual workload was roughly equivalent to handling over 250 million notes a year. The staff counting the notes included senior "expert counters," earning \$1,000 per year, and junior counters earning \$700 or \$800 per year, depending on whether they were a "first, second, or third" assorters.

**TABLE 3: NATIONAL BANK REDEMPTION AGENCY AND COMPTROLLER OF THE CURRENCY STAFFING FOR SELECTED YEARS**

Year	National Bank Redemption Agency Staffing	Comptroller of the Currency Redemption Div. Staffing	Comptroller of the Currency All Other Divs Staffing
1890	56	14	87
1895	48	13	77
1900	59	13	78
1905	106	13	97
1910	165	28	96
1915	215	43	107
1921	480	43	147
1924	338	82	149
1925	314	57	147
1928	207	35	133
1930	196	44	152
1935	197	34	133
1937	60	20	108

**Notes:**

- (1) Source: Estimates of Appropriations, Treasury Department for the years 1890 to 1922; the President's Budget for years 1923 to 1937.
- (2) Staff numbers are requested amounts. Positions enacted or filled could vary slightly.
- (3) in 1905, NBRA number includes 12 BEP detailees
- (4) in 1930, the number for the Comptroller's Redemption Division includes 10 temporary staff to assist with high redemption volume due to changeover to Series 1929 small size notes.
- (5) 1930 Comptroller All Other includes 21 temps due to Series 1929 changeover
- (6) in 1937 the above offices were still handling Federal Reserve notes and Federal Reserve bank notes.

The volume increases impacted not only the National Bank Redemption Agency, it also impacted the Comptroller of the Currency. By 1911 the Comptroller's staff had increased to 124 positions, up from 110 in 1905. If there is any doubt about the post-1900 workload impact on the Treasury offices, simply look at the redemption column in **Table 2**, and compare the years from 1900 to 1915.

### **The 1910-1911 Accountability and Efficiency Changes**

Faced with enormous increases in the number of National Bank Notes being handled, Comptroller of the Currency Lawrence O. Murray undertook several steps in 1910 and 1911 to reorganize his bureau. His objective was to improve accountability for the unissued currency sheets, and also to improve efficiency.

In September 1910, several major changes were made to the practices of the Issue Division. The layout of the currency vault was rearranged to group the sheets by geographic divisions rather than charter number order. They eliminated four counts and examinations of new currency sheets received from the BEP, and discontinued the ledgers in which Treasury sheet numbers were recorded in favor of loose sheets which were to be bound subsequently.



In 1911 Murray engaged the accounting firm of Arthur Young & Company to examine the bookkeeping processes used in the accounting for National Bank Notes and to make recommendations for improvements. Based on the firm's report, Murray made several changes to the organization of the Comptroller's office, and to the methods used to process and record the issue and redemption of National Bank Notes.

Murray created a new Bookkeeping Division to maintain comprehensive, centralized ledgers of the note-related transactions. He eliminated the keeping of decentralized and duplicate ledgers across the other divisions, particularly ledgers maintained by the Issue Division. The centralized ledger sheets consolidated the records of bond transactions, new currency received from the BEP, the issue records from the Issue Division, and the notes redeemed by the Redemption Division.

It was at this time that the tracking of redeemed notes against closed banks was discontinued, explaining the familiar entries in the Kelly and Hickman-Oakes references that say "Out in 1910." Because banks had deposited lawful money to cover their redemptions, the liability for the notes remaining in circulation was now that of the Treasury, so there was no need for the tedious redemption bookkeeping for closed banks. Similar changes followed in 1915 for banks in liquidation.

For security and accountability purposes, the Bookkeeping Division handled no actual currency at all, either new notes or redemptions. It maintained the Currency and Bond Ledgers, which are the source of the note issue and outstanding information used in the Van Belkum, Hickman-Oakes, and Kelly references, entirely through the receipt of sort and count "schedules" prepared by the other divisions.

Between July and October 1911, several duplicate record books maintained by the Redemption Division were discontinued, and most importantly, new pre-printed forms by "sort group," with the banks arranged alphabetically within the group, were developed to replace old hand written pen and ink forms. While somewhat subtle, it warrants close notice that the sort forms were arranged alphabetically, and charter number was only one of several elements necessary to completing the assortment process. Once separated by charter, the notes had to be further assorted into one of more than a hundred "sort groups." The sort groups arranged banks by their status (open vs. closed/liquidating), then alphabetically by town and bank title, within a rough geographical area. Simply sorting notes by the correct charter number alone was not sufficient to guarantee accurate redemption against the correct bank in such an elaborate sorting process. The same sort groups were used by the Issue Division, where new notes were delivered to 2,500 to 3,000 banks at a time on a rotational basis by sort groups.

The \$40 Large Outstanding amount shown in the reference books for Citizens National Bank of Elkins (charter #12483) is an error. Five dollar notes totaling \$130 from other banks were recorded against the Elkins ledger. Nonetheless, notes from this West Virginia charter remain very scarce. (Photo courtesy of Jason Cobb)



The ledgers for the First National Bank of Mt. Savage, Maryland, indicate all the large size tens were redeemed. In fact, redemptions of tens exceeded tens issued by 42 notes, a classic overredemption condition. Fortunately, the ledgers are in error and this superb 1902 Red Seal note survived. (Photo courtesy of Fred Maples)

### The 1913-1914 Changes

The Federal Reserve Act, passed in December 1913, created the now-familiar twelve Federal Reserve districts, and overhauled the banking laws to prevent a repeat of the banking problems exposed by the Panic of 1907. The Comptroller's office added a Federal Reserve Issue and Redemption Division, and the National Bank Redemption Agency was assigned the work of redeeming the two new types of notes in order to accommodate the new Federal Reserve Notes and Federal Reserve Bank Notes. This added hugely to the workload of the agency.

The twelve Federal Reserve banks gradually took on responsibilities for currency redemption, including the cancellation and remittance of National Bank Notes for redemption prior to sending the notes to the National Bank Redemption Agency. By 1920, the work at the Federal Reserve banks would become significant to the overredemption story.

At some point in 1914, and completely unrelated to the Arthur Young recommendations, the Bookkeeping Division in the Comptroller's office discontinued, as unnecessary, certain record keeping checks that served to highlight when the redemptions for a bank exceeded the notes issued by it. As a result, from 1914 onward, it became less likely that a hurried clerk would notice when redeemed notes were being recorded against the wrong bank in the Currency and Bond Ledgers.

### The 1920-1921 Redemption Problems

From the end of World War I to 1920, several concurrent trends put tremendous stress on the national banking system and the Treasury offices. By 1920-1921, there were \$720 million in National Bank Notes in circulation, and Treasury offices were handling between \$300 and \$500 million in redemptions. Exacerbating that problem was the enormous work associated with handling of the Federal Reserve Bank Notes and Federal Reserve Notes, another \$450 million per year. Staffing in the National Bank Redemption Agency had more than doubled since 1915, and staffing in the Comptroller's office increased by forty new hires (see **Table 3**). Still, Treasurer John Burke expressed his view that the Redemption Agency was "utterly unable to cope unless it is provided with a sufficient increase in force. . ."

From 1915 to 1920, counting and sorting backlogs existed in either the National Bank Redemption Agency or the Comptroller's offices, sometimes both. For the period July 1 to July 14, 1920, daily receipts for redemption in the National Bank Redemption Agency averaged \$3.2 million dollars a day, with redemption sorting exceeding over \$4 million per day on some days. Corrective



action efforts to reduce the backlogs in the National Bank Redemption Agency only served to create backlogs in the Comptroller's Issue and Bookkeeping divisions. All of these backlogs were negatively impacting the banks.

By 1920 the officers of the national banks were sending repeated complaints to the Treasury about delays in receiving replacement notes for their redeemed unfit notes for which their 5% redemption fund had been charged. The National Bank Redemption Agency was complaining that banks were slow in reimbursing the 5% fund, and that banks were waiting until replacement notes arrived from the Comptroller's Issue Division before repaying the fund. The banks felt they were not at fault, as their cash flows suffered due to the slow issuance of replacement notes from the Comptroller. Within the government, National Bank Redemption Agency and Public Debt Service officials complained in numerous documents that slow remittances to the 5% fund meant the government was, in effect, advancing money to the national banks.

On June 22, 1920, the National Bank Redemption Agency wrote the Comptroller noting that there were "complaints on the part of some of the national banks concerning delay in the issue of new currency in replacement of unfit notes redeemed and delivered to your office for destruction." The Agency suggested "If something could be done to expedite the destruction and reissue of such currency, it would not only relieve the banks, but would improve the general situation, so far as the Treasury's cash position is concerned, as it is difficult to enforce the requirement of law as to prompt reimbursement of the redemption fund in cases where there is delay in supplying the banks with new notes." The Comptroller, in turn, wrote the Secretary of the Treasury on June 26, 1920, citing the heavy workloads contributing to the backlogs.

Despite sympathy within the Redemption Agency toward the banks, Treasurer Frank White, vigilant in regard to both the law and government cash flow, sent a September 1, 1921, directive to all national banks calling their attention to the requirement for prompt reimbursement of the 5% fund "forthwith." White's directive included the comment that "some banks, apparently under a misapprehension, withhold their remittances to reimburse the redemption fund until they receive the new notes from the Comptroller of the Currency to replace the notes redeemed and some even go as far as to withhold their remittances until the new notes are actually put into circulation."

The woes within the Treasury offices were compounded by the fact that a significant percentage of the National Bank Notes coming in for redemption were actually fit notes that should have been returned to the banks for continued use in circulation. For decades, the National Bank Redemption Agency segregated fit from unfit notes being redeemed, and ensured that fit notes were promptly sent back to the issuing banks via registered mail. Nine U.S. subtreasury offices around the country assisted in this process by weeding out obviously fit notes from the redemption packages submitted to the Redemption Agency. However, in 1920, Treasury decided to discontinue the subtreasury offices.

The abolishment of the subtreasury process was made because those functions were now being performed by the twelve Federal Reserve banks and their branches. By 1921, 90 percent of the redeemed nationals coming into the Redemption Agency were coming from the Federal Reserve banks. The national banks themselves submitted the other 10 percent. Unfortunately, some Federal Reserve banks were alleged to have a general reluctance to sort National Bank Notes, and were making little effort to recirculate fit nationals. On top of that, the Federal Reserve banks were alleged to be using a higher standard for judging "fit" currency than did the National Bank Redemption Agency or the subtreasury banks, and thus the Federal Reserve banks were sending in perfectly usable notes for destruction.

The National Banks were noticing the situation and complaining. In February 1922, The Peoples National Bank of Lynchburg, Virginia, wrote

Comptroller of the Currency D. R. Crissinger, saying “Dear Sir: We notice it has been a long time since we have received any returns to us of currency fit for use. At the same time we notice that our circulation is being redeemed very rapidly, and new notes forwarded to us in considerable amounts. It occurs to us that the cost of redemption would be considerably less, both to the department and to ourselves, if notes fit for use were forwarded to us as has been the custom heretofore.” Other bankers sent similar letters.

### Major 1921 Process Changes

Treasury Assistant Secretary Gilbert, in a memo of July 14, 1920, said he had been “thinking a good deal of the work of the National Bank Redemption Agency. It seems to me that a real effort should be made at once to make a further improvement in the work of the Agency.” Beset with complaints from all parties involved, Gilbert wanted action. Some improvements in sorting were made in late summer 1920, but the changes were not enough. In a January 24, 1921, memo to Robert G. Hand, Commissioner of Accounts and Deposits, Gilbert lamented the large amounts owed the 5% fund and failure of the National Bank Redemption Agency and the Comptroller of the Currency offices to clear up their delays. Gilbert said “The Treasury cannot afford to continue to carry the National Bank Notes unnecessarily. I think that it will be necessary to take the question up actively with the Comptroller of the Currency.”

By early 1921, George Barnes, Superintendent of the National Bank Redemption Agency, was developing a sweeping redesign of the redemption sorting process. A *Washington Evening Star* newspaper report on June 15, 1921, said the new process “will replace a system which has been in effect since the establishment of the agency in 1875.” The longstanding routine required sorting the notes into nine groups comprised of the five largest city groups based on financial volume plus four geographic areas (East, West, Middle, and South). The notes were then sorted into over a hundred sort groups, loosely by sub-region and by bank status (open vs. closed/liquidating). Within these groupings, the notes were sorted alphabetically by town and then bank name.

This process required specialized teams of counters for each sort group, since the pace required that the counters be familiar with the town and bank names. An unfortunate downside to this process was that counters were not easily reassigned within the office to assist when one team was backlogged since a counter needed to be intimately familiar with the banks in the group being sorted. The plan developed by Barnes made charter number the main sorting element so the counters did not have to memorize the regions or towns. The plan was approved and went into effect July 1, 1921. Note that this sorting change also precipitated the March 1924 discontinuance of the use of geographic letters on National Bank Notes.

By fall, the Redemption Agency had cut more than a day off its sorting process, and also committed to delivering its redeemed currency schedules to the Issue Division between 11 a.m. and noon each day instead of late each afternoon, permitting the Issue Division to cut a day off its replacement note delivery times. Even after that change, the issue process was still such that “new notes to replace mutilated notes delivered by the Bank Redemption Agency on Monday are not delivered to the Post Office for shipment until Friday morning.”

The Issue Division noted a major delay was caused in the process of recording new sheet issuances with the Bookkeeping Division because the two divisions were located so far apart in the Treasury building. The Issue Division was on the 2nd floor in the northwest corner of the building, while Bookkeeping was on the 3rd floor, northeast corner, virtually a city block distant given the size the Treasury building. The remedy was to suggest the bookkeepers be moved adjacent to the Issue Division, cutting up to two days from the process. The

REPRODUCED BY THE NATIONAL ARCHIVES

NATIONAL BANK REDEMPTION AGENCY.

RECEIPT OF COMPTROLLER OF THE CURRENCY FOR NATIONAL BANK NOTES.

GROUP No. 95—Continued.

GROUP No. 95—Continued.			BANK No.	CHARTER No.	ON 5 PER CENT ACCOUNT.	ON RE- TIREMENT ACCOUNT.	ON EMER- GENCY RE- TIREMENT ACCOUNT.
LOCATION.		TITLE.					
Nogales,	Ariz.,	First, <i>assumes</i> Sandoval,	46	6591			
"	"	Nogales,	47	11012			
Norcatat,	Kans.,	First,	48	8290			
Norfolk,	Nebr.,	Citizens',	49	3741			
"	"	Norfolk,	50	3347			
Norman,	Okla.,	First,	51	5248			
"	"	Farmers', <i>assumes</i> National Bank of,	52	7293			
North Auburn,	Nebr.,	First N. B. of Auburn ( <i>to Group 81</i> ),	53	3343			
North Bend,	"	First,	54	3059			
"	Oregon,	First,	55	9328			
North Platte,	Nebr.,	First,	56	3496			
Northwood,	N. Dak.,	First,	57	5980			
"	"	Citizens',	58	9754			
North Yakima,	Wash.,	First ( <i>to Group 104</i> ),	59	3355			
"	"	Yakima ( <i>to Group 104</i> ),	60	3862			
Norton,	Kans.,	First,	61	3687			
Nortonville,	"	First,	62	5359			
Nowata,	Okla.,	First,	63	5401			
"	"	Commercial,	64	9949			

Treasurer's 1921 annual report noted "Under new methods adopted during the last fiscal year the agency is able to expedite the counting and assorting of remittances of notes received for redemption so that considerable labor is saved and the time between receipt of notes and their final disposition is materially reduced."

Concurrent with speeding up note deliveries, the Treasury made a major change in late 1921 in order to strengthen the protection against the possible theft of worn currency during the redemption process. In December 1920, \$7,400 was taken from a sorting room in the National Bank Redemption agency. In another incident, two \$100 nationals from The First National Bank of Georgetown, TX (charter #4294) were presented for redemption with their lower corners cut off, an indication the notes had previously been redeemed by the

The National Bank Redemption Agency sorted redeemed notes into groups by bank status, general geographic area, and then alphabetically by town and bank name.



National Bank Redemption Agency. In February 1921, Assistant Secretary Gilbert was notified that \$1,625 had been received in notes with the lower corners removed, including \$250 in tens and twenties from The First National Bank of Gaithersburg MD (charter #3661), and \$140 in notes from The Merchants National Bank of Burlington VT (charter #1197). By the end of calendar year 1921, a total of \$2,518 in stolen notes had been re-circulated and received for redemption.

While these amounts do not seem large in current dollars, or large compared to having \$700 million in nationals in circulation, it is important to keep in mind the annual salary of an expert counter was a \$1,000 a year at this time. A theft of \$2,500 or so was major money, and if the process was lax enough to lose \$2,500, it could easily be prey to larger losses.

Treasury wanted the redemption thefts stopped, and took the major step of requiring all National Bank Notes to be cut in half after sorting by the National Bank Redemption Agency, prior to sending the notes to the Comptroller's Redemption Division. The change had been internally under consideration since 1920, but had created a fair amount of internal debate between the various offices. As a result, the new procedure was not finalized and approved by the Secretary of the Treasury, the Federal Reserve Board, and the Comptroller of the Currency until November 15, 1921. Effective immediately, the National Bank Redemption Agency was to ensure all National Bank Notes were punch/drill cancelled before sorting (the Federal Reserve banks were already punch cancelling the nationals they sent in), then sorted, and then cut in half vertically before delivery to the Comptroller's Redemption Division. While this change certainly rendered the notes nearly useless for purposes of someone stealing them, the cancellations and cutting the notes in half caused more work, and would soon loom large in terms of the accuracy of the note redemption process.

### **The Auditing Reports by Walter O. Woods**

Walter Woods is a name familiar to most paper money collectors because his signature appears on U.S. currency, first as Register of the Treasury, and later as Treasurer of the U.S. Prior to those high offices, Woods was a war loan auditor in the Register's office. His work must have stood out because in 1924 he was asked by the Comptroller of the Currency to perform a review of the bureau's bookkeeping process and recommend improvements.

In a June 26, 1924, report, Woods made a variety of comments and recommendations, and commented favorably on the 1911 accounting improvements made as a result of the Arthur Young work. He also commented on the post-1911 discontinuance of a practice that tracked notes redeemed versus notes issued. He carefully noted the discontinuance was unrelated to the Arthur Young recommendations, and stated "While that record was kept the redemptions for any particular bank could not possibly exceed the issues without the fact causing an overdraft and causing an immediate investigation to ascertain the cause of the manifest error." He noted the record keeping had been a great task and expense, and thus "Some ten years ago that record was discontinued in the interest of economy in clerical expense." As a result, "As the records now stand an overissue of some bank's currency might exist and the fact would not be ascertained unless it [the overissue] was so great that it would exceed the whole outstanding issue." He concluded the old process was better suited to identifying when redemptions exceeded issues and when "unauthorized notes had been redeemed."

In 1926, the Comptroller asked Woods, now a special staff assistant in the Office of the Secretary of the Treasury, to review the practices of the Issue and Redemption divisions. His May 6, 1926, review focused on whether the Issue Division's vault controls over unissued currency sheets were adequate, and whether the counting and sorting process in the Redemption Division was sound.

<b>LE</b> <b>CATION</b>		Organization No. <u>12968</u> Date of Organization, _____ Group No. <u>129</u> Ledger No. <u>46</u> Sheet No. <u>4</u>								
<u>First National Bank</u> <u>Kingsville, Texas</u>										
BALANCE (Currency in vault)		NATIONAL BANK CURRENCY RETURNED AND DESTROYED						BALANCE (Circulation outstanding)		
\$5's	\$100's	TOTAL AMOUNT	DATE	\$5's	\$10's	\$20's	\$50's	\$100's	TOTAL AMOUNT	
			1934							
		99840	Dec. 15	99710					99710	130
		221340	" "	175520	7140	2200			184860	49870
		4930	" 20	350	250				600	30000
		5960	1934							
		2500	Jan. 2	400	400	100			900	Series 1929
		234800	" 10		350	100			420	Series 1929
			" 10	350	300	100			750	Series 1929
		900	" 11	300	200	100			600	Series 1929
		750	" 26	700	500	100			1300	Series 1929
		600	Feb. 6	350	300	100			750	Series 1929
		1300	" 15	300	350	100			750	Series 1929
		750	" 23	300	200	100			600	Series 1929
		700								

Commenting on the redemptions, he noted the verification of redeemed currency was "an extremely monotonous daily task and the temptation to slight the work is, therefore, always present with the money counter." He again noted bookkeeping problems were possible because there was no longer a demonstration that redemptions for a bank "were no greater than the issues."

A Bookkeeping Division clerk caught and corrected this January 10, 1934, error where redeemed Series of 1929 notes from The Dale National Bank were recorded against the ledger for The First National Bank of Kingsville

### The Overredemption Conclusion

The Currency and Bond Ledgers, if examined closely, reveal widespread overredemptions. Treasury documents serve to demonstrate how, over time, the sheer volume of notes being redeemed and changing redemption process adopted between 1910 and 1921 had unintended consequences. A February 16, 1921, letter from Secretary of the Treasury D. F. Houston noted that the Comptroller's office caught 42,805 errors in National Bank Redemption Agency assortments during calendar year 1920. While that number sounds large, the Redemption Agency handled 163 million notes that period. Over 99.99 percent of them were assorted correctly. Still, if the Redemption Division counters missed just one mistake every 15,000 nationals, such an error rate would be enough to distort the outstanding totals by bank shown in the ledgers, and be more than enough to account for the errors shown in **Table 1**.

Walter Woods commented repeatedly on the 1914 discontinuance of the key ledger controls to identify when redemptions for a bank exceeded notes issued to it. While the 1921 changes to safeguard notes in the process of redemption from theft, such as punch cancelling each note four times and then cutting them in half, were laudable, they also made it more difficult to determine the identity of worn notes, particularly if the punch cancels obliterated the charter numbers. E.E. Schreiner, the Redemption Division chief, wrote the Comptroller on April 18, 1922, regarding handling half notes, indicating "you are informed that much additional labor for the Redemption Division has been one result of the change." Schreiner also stated that the cut notes "are not readily identifiable except by

charter numbers which are almost wholly depended on for identification and when such numbers have been partly removed by means of the holes punched" proper identification of the notes was retarded.

William S. Broughton, Commissioner of the Public Debt, had strong opinions on the currency redemption process. While his comments were not confined specifically to nationals, in a January 2, 1924, draft memorandum to Undersecretary of the Treasury Garrard S. Winston, Broughton bluntly commented "The examination of redeemed currency is probably the most uninteresting work in the Treasury. In determining the salary to be accorded the counters one positive factor is important: the number of notes counted, and one negative factor is important the number of errors made in the examination." "And in addition, due to the fact that such a small percentage of notes are recounted, there are a great many errors going through which to such extent invalidate the statistics regarding currency outstanding." He advocated an additional count of currency to ensure redemptions were accurate. Perhaps he considered the comments a bit too direct, as the memo was ultimately marked "not sent."

On September 28, 1928, Woods submitted another report on the currency redemption and destruction process, including commenting upon a proposal to have the Federal Reserve banks destroy unfit notes. Woods concluded that such a change would be costly, and particularly problematic if Federal Reserve banks were expected to destroy worn National Bank Notes. Addressing the current redemption of nationals specifically, he noted he did not see the value of having bank agents witness the destruction of the

**Left:** This page from the ledger for the Citizens National Bank of Elkins, WV, shows an overredemption condition. The balances for September 1, 1934, show the \$20,430 in redeemed large size five dollar notes exceeded the \$20,300 in fives issued to the bank.

**Opposite:** Copy of June 26, 1920, Comptroller of the Currency letter on letterhead to the Secretary of the Treasury talking about delays in sorting, etc, due to workload volumes.



DUCE AT THE NATIONAL ARCHIVES



OFFICE OF  
COMPTROLLER OF THE CURRENCY

ADDRESS REPLY TO  
COMPTROLLER OF THE CURRENCY

## TREASURY DEPARTMENT

WASHINGTON

June 26, 1920.

Dear Mr. Secretary:

I have your letter of June 22, and beg to advise you that several factors have contributed to the delay in the issue of new currency in replacement of unfit national bank notes redeemed and delivered to this office for count and destruction.

The records of the Redemption Division of this office show that the count and destruction of national bank notes was kept current with deliveries from the National Bank Redemption Agency, Treasurer's Office, until about May 4, 1920, when the National Bank Redemption Agency materially increased its force of counters to dispose of its accumulation of those notes, and delivered more daily than the Redemption Division of this office could count until about May 19, at which time our Redemption Division had an accumulation of approximately \$16,000,000 in national bank notes.

Since May 20 the daily deliveries from the National Bank Redemption Agency have been approximately \$1,300,000, while the daily count and destruction has been about \$1,600,000, or a daily average gain of \$300,000. With the present surplus of approximately \$7,000,000 on hand, the present rate of gain should enable the Redemption Division of this office to become current in its count and delivery to the Destruction Committee in about 30 days.

The Issue Division of this office, however, has not been able to keep pace in the shipment of new currency with the destruction of old notes, because of insufficient clerical and other help to do the work. The employees of that division are working early and late, and putting forth every ounce of energy they possess to bring the work to a current basis and it is believed that with the help of the additional counters promised by the National Bank Redemption Agency ~~that~~ it will soon be brought as nearly up to date as is possible with the force available for the work.

The Bureau of Engraving and Printing formerly engraved plates and printed currency therefrom in about 40 days, whereas it now requires about 120 days. This has occasioned some delay and consequent dissatisfaction on the part of the banks, but the real trouble has been caused by the flood of unfit national bank notes

National Bank Notes, as other controls afforded protection to the banks. Woods stated “No bank has ever been called upon to pay a single dollar although over-redemptions have in fact taken place through erroneous over-issues and through errors in redemption aggregates.”

Here was explicit acknowledgment that errors occurred with the proper sorting and identification of redeemed nationals. It is not difficult to imagine how the Treasury currency counters, expected to count over 7,000 dog-eared, punch-cancelled, worn-out notes a day, could make occasional sorting errors and misidentify notes. The statements by Treasury officials and the overredemption cases of the 60 banks shown in **Table 1** are proof that errors did occur.

After 1914, the Bookkeeping Division had no formal check of redeemed notes against issues by denomination, and only when a clerk caught an overredemption by chance, as with the Holland, Buena Vista, and other cases noted in **Table 1**, were arbitrary adjustments made. Even after assortment, clerks also could make errors as they hurried to make thousands of ledger entries each day.

The normal fluidity of the circulation and redemption process made it unlikely the national banks themselves would ever notice an overredemption, even if they were receiving new notes because of erroneous redemptions from other banks. The bankers simply had no way of knowing the whereabouts of their notes in circulation because they could not see what notes were in the process of redemption, what notes were in-transit, or what notes were “on the street.”

Woods noted in 1924 that individual banks would not be liable for overredemptions. That was made possible because the retirement fund for national currency had accumulated millions in balances that would never be touched because of the nationals permanently lost or destroyed that never would be redeemed. The retirement fund could easily absorb an occasional redemption adjustment.

### **Impact on Current National Bank Note Rarity Information**

*The overredemption research is conclusive: the large- out-at-close and out-at-close data for national banks is neither accurate nor precise, and should be ignored for purposes of determining the rarity of a National Bank Note. The Hickman-Oakes and Kelly reference books accurately reflect the ledger totals, but those ledger totals themselves are clearly erroneous.*

Van Belkum used the recap totals from the Currency and Bond Ledgers to develop those data. His data do not disclose cases of overredemptions.

This article focused on cases where we can demonstrate overredemptions in the large size issues. However, the identical sorting and identification problems occurred within the small size national issues. While looking for large size overredemptions, I found a January 10, 1934, redemption error where \$420 in redeemed Series 1929 notes for The Dale National Bank, Dale PA (charter #12967), were entered against the ledger of The First National Bank of Kingsville TX (charter #12968). A clerk caught and noted the error, moving the redemption to The Dale National Bank.

Difficulty in identifying worn and tattered small size notes for redemption was of sufficient concern that the Treasury developed the Type 2 small size notes, using brown ink to print a second set of charter numbers on the notes. They also succeeded in obtaining an amendment to the National Bank Act in 1933 that permitted them to charge the retirement fund for unidentified nationals. The extent of the overredemption situation with small size notes is impossible to determine because the small size era abruptly ended in 1935, and accounting by bank totally ceased when the bonds were sold and the liability for the outstanding notes became the responsibility of the Treasury.

Do the overredemption findings impact the rarity of National Bank Notes? In fact, no. Your nationals are just as rare, or common, as they were before this discovery. What this information does show, however, is that rarity

COMPTROLLER OF CURRENCY.—FORM 177.  
Issues.—\$2, 7 10 25 50 100.

NOTICE TO ORDER CURRENCY.

Letter Book W.

O'D

Treasury Department,

OFFICE OF  
COMPTROLLER OF THE CURRENCY,

Washington, D. C., October 26, 1899.

Cashier First National Bank,

Gaithersburg, Md.

Sir:

You have on hand in the vault of this Office, ready for issue, including the amount which will be forwarded to you to-morrow, incomplete currency, as follows:

Plate \$5, \$5, \$5, \$5.	\$
Plate \$10, \$10, \$10, \$20.	\$2,300
Plate \$50, \$100.	\$
Plate.	\$
TOTAL	\$

To keep a sufficient amount on hand to reimburse you for mutilated notes redeemed, it will be necessary to order more currency printed. For this purpose you will find inclosed a blank filled out for \$ 10,000 which please sign and return to this Office. It requires about thirty-five days to prepare the currency.

The printing of a large amount at one time is not advisable, unless you propose to deposit additional bonds and increase your circulation.

There will be no expense to your bank for paper or for the printing of circulation.

Respectfully, yours,

*J. F. Kane*

Deputy Comptroller.



claims based on “large-out-at-close” are unreliable and should be ignored. Rather than use the large-out or total out-at-close to judge rarity, one should factor in the current census data, the size and capitalization of the bank, the date that the bank closed, overall number of notes issued, and whether or not the bank kept a stable number of notes in circulation over the years.

## Acknowledgments

Peter Huntoon encouraged my pursuit of this topic based on his knowledge of overredemptions on the ledger sheets for The First National Bank of Gardiner, Oregon. This pursuit quickly expanded beyond the Gardiner case as evidence accumulated that overredemptions were common. While the ledgers themselves proved that overredemptions occurred, it was the 1924 auditing report of Walter O. Woods that provided the clue that unlocked the redemption and bookkeeping changes that ultimately helped explain why the overredemptions had occurred. Note illustrations courtesy of Heritage Currency/CAA, Fred Maples, and Jason Cobb.

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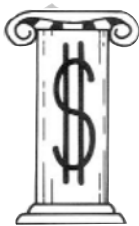
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## How a Rare Laramie, Wyoming, National Bank Note Was Saved

**T**HE BIG NEWS IN LARAMIE ON WEDNESDAY, OCTOBER 14, 1891, was the arrival on the Union Pacific Railroad of two skiffs built for prominent bankers at The Wyoming National Bank. The following appeared on page 4 of *The Republican*, Laramie's newspaper.

Two beautiful St. Laurence river skiffs built by John Gunster, formerly of this city, arrived here this morning and were the center of attraction while being unloaded at the freight house. The boats were built for Messrs. F. E. Scrymser and D. C. Bacon, of this city, and are perfect crafts of their kind.

It is the intent of the above gentlemen to launch the skiffs on Hutton's lakes, and as they are identically the same in every particular, even to the amount of canvas carried, the chances are that a race for the championship of the lakes will soon be arranged, as the owners of the boats will undoubtedly wish to ascertain which is the possessor of the smarter craft and to whom the honor of flying the victorious pennant belongs.



### The Paper Column by Peter Huntoon

The skiffs are built of cedar, lapstreaked, eighteen feet in length and a trifle over three feet in beam. Both ends are pointed, and each has a seating capacity of four persons. The amount of sail carried will be sixty-five square yards, and a small centerboard will enable the boats to sail close to the wind. The ends are decked over for the space of two feet with inlaid cedar and mahogany, which adds much to the handsome appearance of the boats. They are copper fastened, and the seats are traced with nickel plates, which gives a very pretty effect to the interior. A pair of oarlocks makes it easy work to row when a sail is not desirable, and the masts are so arranged that they can be taken out at any time.

Taking everything into consideration, the two pioneer boats in this section are beauties in every detail, and if they prove the success that their owners anticipate, it will not be long until Laramie can boast of a fleet of yachts on its neighboring lakes.

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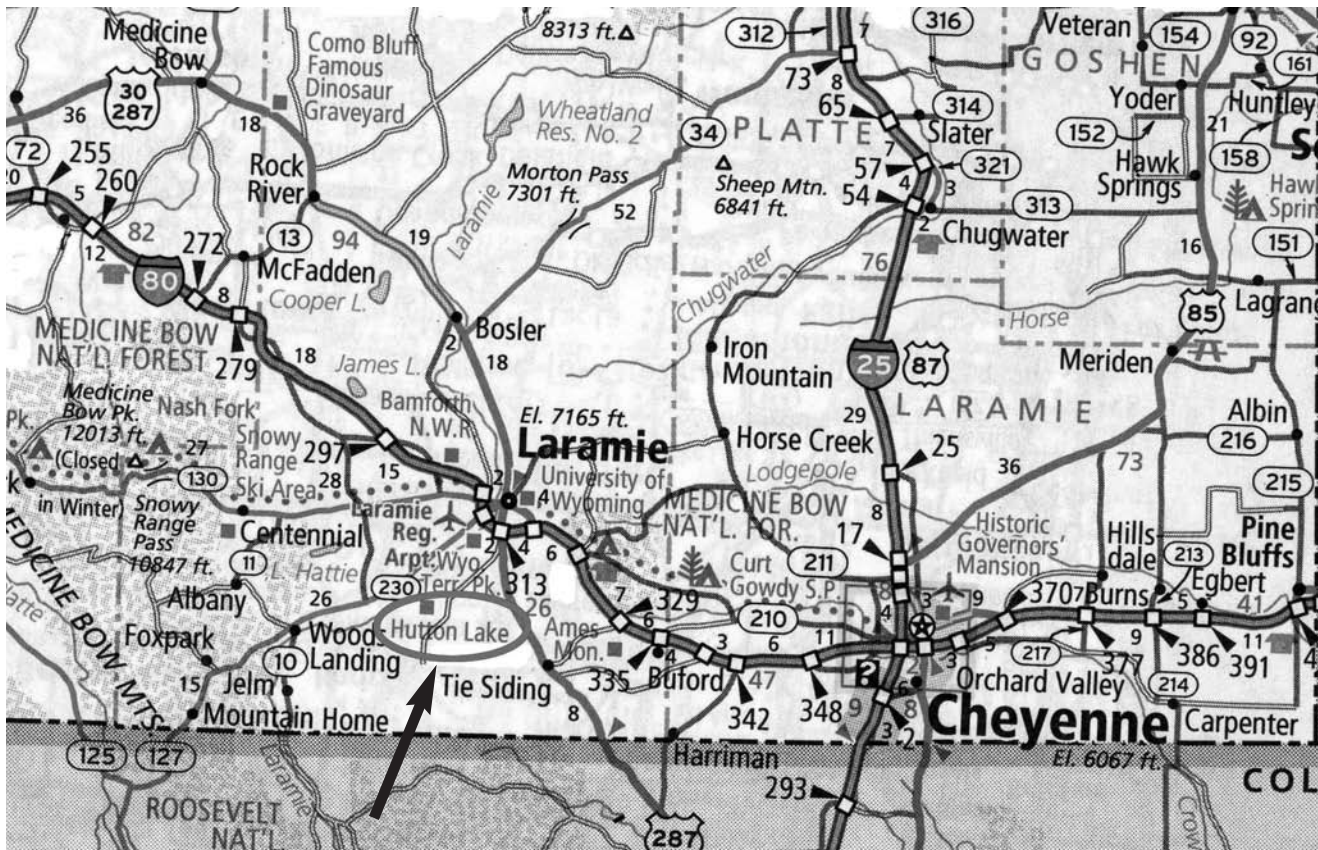
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Modern map showing the location of Hutton Lake southwest of Laramie, Wyoming. Hutton Lake is now a National Wildlife Reserve.

Fred F. Scrymser and D. C. Bacon were principals in The Wyoming National Bank. Scrymser was president and a director, and Bacon was another director. Scrymser was relatively new to the bank, having purchased Edward Iverson's interest in the bank in 1888. Iverson was the venerable pioneer Laramie banker and founder of the bank.

It is clear that Scrymser was very eager to try out his new boat and even to begin construction of a boathouse for it. To these ends on Friday, just two days after the boats arrived, he enlisted Matthew Dawson, the cashier of the bank, and two carpenters to accompany him to Hutton's lake to begin construction of a boat house and to test his boat. The *Saturday Republican* carried this account.

Early yesterday morning a wagon containing President F. E. Scrymser and Cashier M. Dawson of the Wyoming National Bank, and George Stirling and James Davis, carpenters, started for Hutton's lakes, eleven miles southwest of the city. Following them was another wagon loaded with a new sailboat. The craft was the property of Mr. Scrymser, and Mr. Dawson was going to accompany him on its initial voyage. The carpenters were taken along to construct a house for the safe-keeping of the pretty little vessel.

Arriving at the lake, the carpenters began their work on the north shore, and Messrs. Scrymser and Dawson launched the boat and merrily sailed over the choppy water. The carpenters say that a brisk breeze was then blowing, but the gentlemen in the boat did not seem to experience any difficulty in handling her. About noon the craft returned to shore, and its crew ate the lunch which had been taken along, talking meanwhile of the sailing qualities of the vessel and prophesying unlimited pleasure from future trips in her. At 1 o'clock they re-embarked, hoisted the sail and stood out for the middle of the lake.

Meanwhile the breeze had strengthened to a semi-gale, and waxed fiercer as the afternoon advanced. The men at work ashore occasionally glanced at the tiny barque as it was buffeted by the ever-enlarging billows, but they never dreamed of danger to her passengers. When she had been cruising about half an hour, one of the carpenters remarked that the sail was no longer in sight. But he attached no significance to its absence. The boat was then in the center of the lake, and the distance, combined with the roughness of the water, prevented a very clear view of her outlines from where the watchers stood. He plainly saw the craft rising and falling with the undulating water, but he could not tell whether she was overturned or not. Subsequent events proved that even then the catastrophe had occurred.

It was almost 6 o'clock, and night's shades were falling over prairie and lake, when the carpenters ceased work. The prolonged absence of the boat had created uneasy thoughts in the minds of the men, but they did not reveal to each other their fears until they were ready to start for home. Through the dusk they could perceive the boat lying close to the opposite shore, and as they walked around the lake they hoped that the passengers had moored her and gone home. As they approached her, however, hope gave way to horror. There she lay, about half-a-dozen yards from shore, with her gunwale under water and her mast and sail a mass of wreckage. Entangled in the sail was a dark object. The darkness prevented the startled men from distinguishing it. But the overturned boat told a tale that needed no detail for corroboration. It was plain that both her late occupants had fallen victims to the cruel waves. Else they would have made their presence on earth known to their traveling companions of the morning.

Frightened and saddened, the carpenters hastened to the place where the team which conveyed them to the lake had been hitched so many fateful hours before. Another surprise awaited them here. The horses, doubtless terrified by the gale, had wrenched themselves loose. One was entirely missing and the other was seen a short distance away. But Stirling and Davis did not interfere with it. They started to the city afoot with their direful intelligence.

The carpenters reached Laramie about 10 p.m., and would-be rescuers hastened to the lake. Scrymser's body was found in the frigid water tangled in the sail. His pocket watch had stopped at 1:25. No trace of Dawson was found except for his water-soaked cigar case.

Hutton's lake, which occupies a depression on the prairie, probably was scoured out by the fierce winds which blew across the Laramie basin during the Pleistocene epoch. Those ancient winds were even worse than the gales which commonly blow across the plains now! The bottom of the lake is below the modern water table, so the depression is filled with ground water. The lake is shallow, mostly less than 25 feet deep, with a mud or sand floor covered by a thick mat of dense, long grass.

The lake is about 0.9 mile across in the east-west direction, and about 2/3rds of mile across from north to south. The water level falls during dry periods, so then the lake segments into a series of shallow, smaller lakes.

The search for Dawson's body became a major undertaking involving many men over the succeeding months. Local Judge M. C. Brown ran ads in *The Republican* offering a \$500 reward for the recovery of the body providing dynamite was not used. At first citizens from Laramie including teams of men from various fraternal organizations scoured the shores and dragged the lake, even

posting sentries for weeks on end to watch for the body when it finally floated up from the depths.

Dynamite blasts were detonated over the water on October 25th in hopes the concussions would dislodge the body from the entangling grasses on the bottom. A fully equipped diver was summoned from San Francisco complete with aide. Both arrived on October 29th via train. The diver was a German who went by the single name Dolph, and his assistant was Charlie Thompson. Dolph donned his heavy gear and worked off a raft manned by Thompson who operated the air pump. Dolph walked the bottom of the lake, claiming that the freezing cold water coupled with sucking mud and tangled grasses in some locations comprised the worst conditions he had ever encountered.

The lake was beginning to freeze over by November 11th. Ice extended 100 feet inward from the shore, and Dolph had to concede defeat. Once the lake froze over, Silas Schoonmaker, who was hired to watch the lake during the winter, and others ventured out onto the ice, cleared snow where necessary, and searched through the clear ice and water for the body hidden below. In desperation, Madame Mizpah, a medium, was hired in December to pinpoint the location of the body. Holes were chopped through the spots she selected and poles or dragging tools were used to attempt to find the corpse. *The Republican* reported that "Siberian blasts" drove the searchers off the lake on December 22nd.

Apparently the costs for the search were borne by Luther Fillmore, Dawson's father-in-law. In the meantime, Scrymser's funeral was held on October 18th. On the same day, Robert Homer was elected president of the bank and Otto Gramm was made acting cashier to be assisted by Arthur C. Jones, who was the assistant cashier. Dawson's funeral was held November 14th.

It is an enduring mystery that Dawson's body never was found. The treatment of the two bankers was handled with such Victorian delicacy and discretion by the Laramie press, the possibility that there was no body to be found in the lake was never raised in print.

## The Bankers

Fred E. Scrymser was born in New York City in 1852. He came to Laramie where he found employment as a timekeeper for the Union Pacific rolling mill there, then was advanced to a management position. He went on to lease the property in 1884, and operated the mill under contract with the railroad. Scrymser became a director of The Wyoming National Bank in 1886, and its president in 1888. He was still operating the rolling mill at the time of his death.

Scrymser was unmarried. He had three brothers and three sisters, two of the sisters having drowned off the Atlantic coast before his own drowning. His youngest brother Henry was a seaman, and in 1891 was involved in the island trade between San Francisco and the Society Islands on a large yacht-like sailing vessel called the *Tabiti*. The boat was owned by a Mr. Leavitt, a lawyer in San Francisco and former U. S. Consul to Guatemala. Leavitt and Henry were sailing to San Benito, Mexico, at the time of Fred's death. Ironically, they and the *Tabiti* were lost at sea without leaving a trace at about the same time Fred drown at Hutton's lake.

Fred's remains were shipped to New York where they were interred in a family plot. He bequeathed his estate to his mother who was living in Elizabeth, New Jersey.

Matthew Dawson was born in Woodstock, Ontario, February 21, 1859. He immigrated to Laramie in January 1881, where he was hired as a teller at The Wyoming National Bank. In May 1882, he was promoted to cashier. He married Jennie Fillmore of Laramie in 1889, and had fathered a daughter by the time of his disappearance.



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 85335-2369 (C, Obsoletes, World), Website  
 13249 **Ali Mehilba**, 13533 W. Holly St, Goodyear, AZ  
 85395-2403 (C & D), Website  
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 13251 **Gary Parsons** (C), Wendell Wolka  
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 37402, (S, Southern Obsoletes, Confederate and Related  
 Material), Dennis Schafluetzel  
 13256 **Bruce Maag**, 238 N. Main St, Delphos, OH 45833  
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 550033 (C, US Small), Robert Moon  
 13268 **Cory Frampton**, PO Box 5270, Carefree, AZ 85377 (C  
 & D, Mexico), Fred Reed ❖

**A note from our treasurer . . .**

The finances of SPMC remain stable through the first quarter of 2010. Advertising revenues are somewhat down this year undoubtedly due to the economy, and the revenue earned on our CDs is also down because of the decline in interest rates. However, reduced expenditures just about match our loss in income. Membership dues are just about matching previous years and we continue to monitor our expenses.

-- Robert Moon, SPMC Treasurer ❖

**Society of Paper Money Collectors  
 Official Announcement**

The Board of Governors of the SPMC has authorized that grant funds be made available to a limited number of researchers each year. The funds are to assist them with expenses incurred in their research of topics related to paper money and/or other numismatic subjects which are consistent with the SPMC's mission. The supported research is intended to produce a book, article or other identifiable benefit for the hobby and should be completed within one year.

An application form is available to interested participants and the completed application must be submitted to the chairman of the Society's committee for review. Only one grant will be approved each year for any one individual, but another may be applied for in subsequent years.

Funds up to \$500.00 may be disbursed in advance of the incursion of expenses, but the Society requests that documentation of expenses incurred be submitted to the Society within six months of the completion of the research.

Funds are available for several grants this year (2010).

**Ronald Horstman**

*Chairman, Educational Committee*

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Only surviving \$5 Series of 1875 state note from 491 sheets issued by The Wyoming National Bank of Laramie City, Wyoming. The note carries the signatures of F. E. Scrymer, president, and M. Dawson, cashier, both of whom perished on Hutton's lake October 16, 1891.

### A Memorial Souvenir

Series of 1875 \$5 notes were issued from only two banks in the state of Wyoming. There are 15 reported specimens, 14 from The Stockgrowers National Bank of Cheyenne, charter #2652, that were in a hoard discovered several decades ago. Even though most of the Cheyenne notes are high grade, they were pressed at the time of discovery and sold into collections across the country. Undoubtedly more of them remain to be recorded.

The 15th specimen is the note shown here from The Wyoming National Bank of Laramie City, charter #2110. The eye-appeal of the Laramie note stands heads and shoulders above any of the Cheyenne specimens in terms of brightness, color and crispness. It looks as fresh and original as the day it was signed and cut from the sheet.

The note can't make a numismatic grade of Almost Uncirculated owing to three very hard, vertical quarter folds that show on the back. In fact, if you handle the note, your fear is that it might fall apart at the folds. Even so, the visual appearances of the Cheyenne notes pale next to it.

The Laramie \$5 is one of the all-time greatest Wyoming notes ever discovered, coming from a minute issuance of only 491 sheets bearing bank sheet serials 4351 through 4841. Serials 1 through 4350 were used on its territorial predecessors.

In comparison 5,035 sheets of \$5 Series of 1875 state notes were issued from the Cheyenne bank.

The Laramie notes were shipped to the bank between November 24, 1890, and January 23, 1892. The Cheyenne notes were sent between 1891 and 1900.

The plate used to print the Laramie notes was made by the Continental Bank Note Company as an Original Series territorial plate in 1873. Next it was altered at the Bureau of Engraving and Printing into a Series of 1875 territorial plate during the winter of 1876-7. Finally, in 1890, it was altered a second time, this time into a state plate upon the admission of Wyoming to the union.

The title of the bank was changed on January 28, 1892, by dropping City from the town name, but only \$10s and \$20s were issued in the Series of 1875 with the new name, and only 209 sheets of those before the corporate life of the bank was extended in May 1893.

I never expected to see an extant \$5 state note from the bank owing to the small number issued and the short period during which they were used. Besides, any note issued from Wyoming before 1900 represents a miracle of survival, and there just weren't many miracles.

Significantly, the Laramie note bears the signatures of F. E. Scrymser, president, and M. Dawson, cashier -- the down bankers. It is the only surviving note that bears their signatures.

The bankers at The Wyoming National Bank saved a few of their notes, and as a result were responsible for preserving most of the greatest early notes found from the territory and state of Wyoming. Most of those notes were retained within the bank regardless of who owned the bank or who signed the notes.

The Wyoming National Bank was reorganized as The First National Bank in 1895. The early notes passed to The First National Bank, and more were added to the group as the new bank received its various issues.

One individual who worked at both banks was Arthur Colley Jones (1858-1947), known locally as Archie. Jones emigrated from Ireland to Wyoming in 1882, following a brother, Christopher, who was ranching near the Little Laramie River. Jones found employment at The Wyoming National Bank in 1883. He was appointed assistant cashier in 1888, and promoted to cashier in 1891 after Dawson was declared dead. Jones became cashier and secretary of The First National when it came into being in 1895. He served as a director of the new bank for 54 years.

Many of the notes held by the bank became part of Jones' estate. One of the best was the Scrymser-Dawson note shown here. Clearly, someone at the bank had the foresight to put it away after the two men suffered their accident on Hutton's lake.

It is more than likely that the note was retrieved from the personal effects of one of them, because it has the look of a banker's pocket piece with its precise quarter folds and exceptional grade. There is little question that the note never circulated. It was simply signed, cut from the sheet, folded and put in a wallet or otherwise preserved.

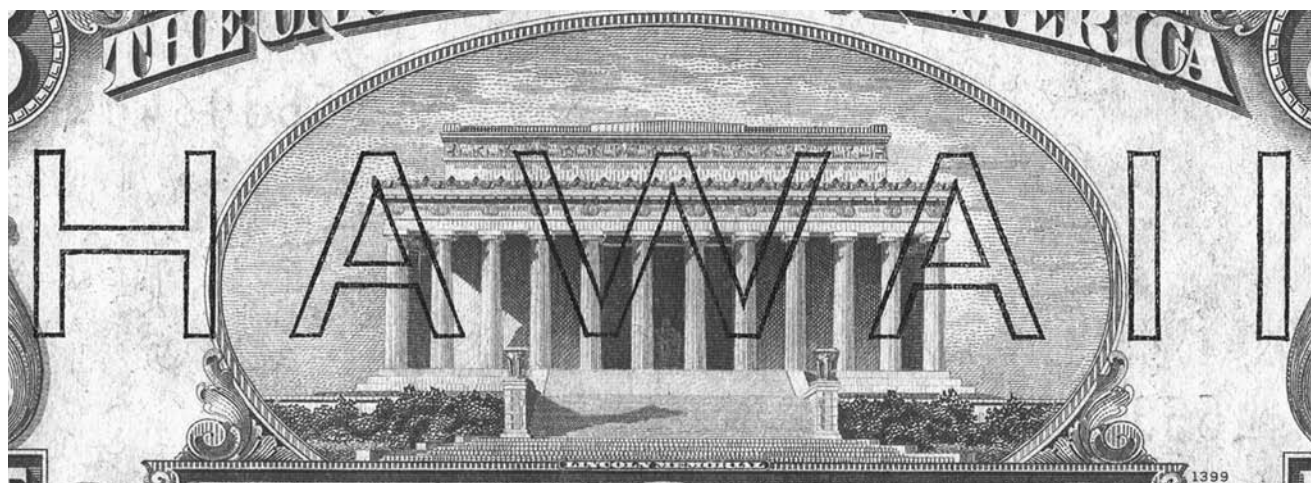
The best part was that whoever carried it had the prescience to fold the face inward so that the trivial wear that it did sustain only affected the back.

It is fortunate for us that it wasn't on either man when he slipped below the surface of Hutton's lake on that fateful Friday in October 1891.

### Sources of Information

*The Republican*, October 14, 16, 17, 19, 25, 28, 29; November 3, 7, 11, 13, 14, 20, 23; December 22, 29, 1891. Laramie, WY. ❖





## Stateside Banking Archive 1942-1943

# Federal Reserve Circulars Detail Regs For Handling Wartime HAWAII Notes

A GREAT DEAL OF COLLECTOR INTEREST IS VISITED ON the World War II emergency notes, specially printed U.S. Silver Certificates and Federal Reserve Notes circulated by our government in Hawaii/Pacific islands and North Africa/Europe theaters of war to preclude large quantities of anonymous Yankee dollars from falling into the hands of the belligerents to the detriment of the U.S. economy.

Peter Huntoon (*Paper Money* May-June 2008) and others have written eloquently about this chapter of our paper money history.

Twenty-five years ago then longtime New Jersey SPMC member George H. Wettach (SPMC #2060) shared a cache of New York Federal Reserve Bank circulars outlining new wartime regs affecting currency, and governing use of HAWAII notes and “Yellow Seal” notes stateside shortly after these notes were introduced in the Pacific and North African/European war zones.

Included were:

Circular No. 2391	3/6/42	Lengthening the life of paper currency
Circular No. 2404	3/28/42	Conservation of coin and currency bags
Circular No. 2462	7/10/42	U.S. Currency, Hawaiian Series
Circular No. 2481	8/13/42	U.S. Currency, Hawaiian Series
Circular No. 2564	12/29/42	U.S. Currency, Hawaiian Series
Circular No. 2575	1/19/43	Silver Certificates with “Yellow” Seal

Wettach had “rescued them [the circulars] when the files were being winnowed many years” previous. Other Federal Reserve Banks may have issued similar circulars, Wettach speculated, “but I do not have any.” The collector forwarded photocopies of the circulars to *Paper Money* thinking them to be of historical interest, but successive editors (including the undersigned) could find no author interested in incorporating them into his/her research for publication in the magazine. “I hope you can make use of them,” Wettach wrote.

These photocopies surfaced again recently, and the present Editor decided to just publish them so they are available to all researchers, since they have a great deal of interesting information not found elsewhere. -- **Fred Reed**

FEDERAL RESERVE BANK  
OF NEW YORK

[ Circular No. 2391 ]  
March 6, 1942

LENGTHENING THE LIFE OF PAPER CURRENCY

Worn Notes in Circulation to Serve Longer than Heretofore

To All Banking Institutions in the  
Second Federal Reserve District:

War demands make it necessary to conserve material and labor in the printing of our currency. The Treasury Department has accordingly requested that all possible steps be taken to lengthen the life of paper currency. This bank, therefore, is lowering the standards which it uses in determining whether currency is fit for further circulation and will return to circulation some notes which heretofore have been removed from circulation when received by this bank.

Your cooperation is requested in explaining this step to your customers, and also in your sorting of currency for shipment to us.

ALLAN SPROUL,  
President.

*Handwritten notes:*  
Tellers take warning —  
straighten out bills that come  
in coin Bks. n. x1



**FEDERAL RESERVE BANK  
OF NEW YORK**

[Circular No. **2404**  
March 28, 1942]

**CONSERVATION OF COIN AND CURRENCY BAGS**

*To All Banking Institutions  
in the Second Federal Reserve District:*

As part of the war effort, the United States Mint requests the cooperation of the banks of the country in returning empty coin bags as they accumulate from time to time. Similarly, the Federal Reserve Banks are requesting the cooperation of the banks in their respective districts in returning empty coin and currency bags. The immediate necessity for conserving the existing supply of these bags arises from the growing use, by our armed forces, of the material of which the bags are made.

Accordingly, we shall appreciate it if you will return to us by parcel post, at our expense, all such bags bearing the imprint of the United States Mint or of the Federal Reserve Bank of New York which you may now have or which may subsequently be sent to you. Bags bearing the imprint of the Buffalo Branch, Federal Reserve Bank of New York, should be returned to the Buffalo Branch in the same manner.

We feel sure that we can count upon your cooperation.

**ALLAN SPROUL,**  
*President.*



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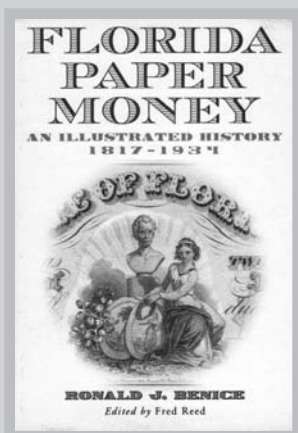
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Checks	9-5/8" x 4-1/4"	\$32.00	\$58.00	\$265.00	\$465.00

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Side Open	8-1/2" x 17-1/2"	\$21.00	\$93.00	\$165.00	\$380.00
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End Open	9-1/2" x 12-1/2"	\$19.00	\$83.00	\$150.00	\$345.00
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**FEDERAL RESERVE BANK  
OF NEW YORK**

[Circular No. 2462]  
July 10, 1942

**UNITED STATES CURRENCY, HAWAIIAN SERIES**

*To all Banks and Trust Companies  
in the Second Federal Reserve District:*

For your information we quote below the text of General Orders No. 118 issued by the Office of the Military Governor of the Territory of Hawaii, the text of regulations relating to currency issued by the Governor of the Territory of Hawaii, the text of a press release issued by the civil and military authorities in Hawaii, and the text of a press release issued by the Treasury Department.

**TERRITORY OF HAWAII  
OFFICE OF THE MILITARY GOVERNOR  
IOLANI PALACE  
HONOLULU, T.H.**

25 June 1942

**GENERAL ORDERS }  
NO. 118 }**

**UNITED STATES CURRENCY.—1.** By virtue of the power vested in the Military Governor of the Territory of Hawaii, J. B. Poindexter, Governor of the Territory of Hawaii, is hereby authorized to make and administer regulations relating to the issuance and use of United States currency in the Territory of Hawaii, subject to such restrictions and limitations as may be promulgated by the Congress, President, or Secretary of the Treasury.

2. Whoever is found guilty of violating any of the provisions of such regulations, shall, upon conviction, be fined not more than five thousand dollars (\$5,000), or, if a natural person, may be imprisoned for not more than five (5) years, or both; and any officer, director, or agent of any corporation who knowingly participates in such a violation may be punished by a like fine, imprisonment, or both.

By Order of the Military Governor:

(Signed) Thomas H. Green  
**THOMAS H. GREEN**  
Brigadier General, A.U.S.  
Executive.

**EXECUTIVE CHAMBERS  
HONOLULU, T. H.  
June 25, 1942**

**REGULATIONS RELATING TO CURRENCY.**

These regulations are issued under the authority vested in the Governor of Hawaii pursuant to Executive Order No. 8389, as amended; Section 5(b) of the Trading with the enemy Act, as amended by Title III of the First War Powers Act, 1941, General Orders No. 118, Office of the Military Governor, 25 June 1942, and pursuant to all other authority vested in the undersigned Governor of Hawaii:

**TITLE I**

(1) Effective at once, all United States currency now in circulation in the Territory of Hawaii will be withdrawn from circulation and will be replaced with new United States currency prepared for the Territory of Hawaii by the United States Treasury Department. The

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new currency will be the same in all respects as ordinary United States currency except that the word "HAWAII" will be overprinted in bold-face type on each end of the face of the note and the word "HAWAII" will be overprinted in large open-face type on the reverse side of the note. Such currency will be referred to in these regulations as "United States currency, Hawaiian Series".

(2) All United States currency physically within the Territory of Hawaii, except United States currency, Hawaiian Series, shall be exchanged on or before July 15, 1942, for United States currency, Hawaiian Series. Prior to July 15, 1942, any person in the Territory of Hawaii may freely exchange United States currency now in circulation for United States currency, Hawaiian Series, at any bank in the Territory without charge.

(3) Effective July 15, 1942, the acquisition, disposition, holding, possession, transfer of, or other dealing in, or with respect to, any United States currency except United States currency, Hawaiian Series, within the Territory of Hawaii is hereby prohibited.

(4) Effective July 15, 1942, no person shall hold, or in any manner permit the holding of, United States currency of any series in any safe deposit box within the Territory of Hawaii, and no person shall thereafter deposit, or in any manner permit the deposit of, any such currency in any safe deposit box within such territory.

(5) All United States currency hereafter brought into the Territory of Hawaii shall be immediately delivered to such person as may be designated at the appropriate port of entry in Hawaii for exchange for United States currency, Hawaiian Series. Such exchange will be made without charge.

(6) No United States currency, Hawaiian Series, shall be exported or otherwise physically taken from the Territory of Hawaii. Any person desiring to export or otherwise take United States currency from the Territory of Hawaii may exchange United States currency, Hawaiian Series, for other United States currency without cost by making appropriate application to such person as may be designated at the port of exportation or withdrawal from Hawaii and by complying with the procedure prescribed by such designated person in connection therewith.

(7) Banks within the Territory of Hawaii and such other persons as may from time to time be specified shall, when so directed, file reports in triplicate on Form TFR-H25 with the Special Treasury Custody Committee as to the amount of United States currency of any series held by them in any capacity. Whenever the currency held by any bank or other person within the Territory of Hawaii is deemed to be in excess of the currency needs of such bank or person, or in excess of that required under existing circumstances in the Territory of Hawaii, such bank or person, upon the receipt of appropriate notice, shall forthwith deliver to the Special Treasury Custody Committee in Hawaii, or to a bank when so directed, such amounts of currency as may be prescribed and shall receive in lieu of such currency an equivalent dollar credit with such banking institution in the Territory of Hawaii or within the continental United States as the delivering bank or person may specify. Currency delivered to the Special Treasury Custody Committee pursuant to this provision shall be received for the account of the United States.

## TITLE II

(1) Exception to any of the provisions may be made by means of licenses, rulings, or otherwise, when it is considered that such exception is in accord with the purpose of these regulations and is necessary or desirable in order to avoid unusual hardship or is necessary or desirable in view of the needs of the military or naval forces of the United Nations. Applications for any such license may be filed with the Office of the Governor of Hawaii on Form TFR-H28, and the general procedure to be followed in handling applications for licenses will be that employed in the administration of Executive Order No. 8389, as amended. Unless the contrary is expressly provided, no license shall be deemed to authorize any transaction prohibited by reason of the provisions of any law, proclamation, order, or regulation other than these regulations. The decision with respect to the granting, denial, or other disposition of any application for a license shall be final.

(2) Rulings, instructions, interpretations, or licenses may, from time to time, be made or issued to carry out the purposes of these regulations and reports required in addition to those specifically called for herein with respect to any property or transactions affected hereby.

(3) These regulations shall not be deemed to authorize any transaction prohibited by or pursuant to Executive Order No. 8389, as amended, except such transactions as are necessarily



incidental to the performance of acts specifically required by these regulations, and these regulations shall not be deemed to affect, alter, or limit General Orders No. 51, Office of the Military Governor, 9 January 1942.

(4) As used in these regulations:

(a) The term "currency" shall not be deemed to include coins.

(b) The term "person" means an individual, partnership, association, corporation, or other organization.

(5) These regulations and any rulings, licenses, instructions, or forms issued hereunder may be amended, modified, or revoked at any time.

### TITLE III

Attention is directed to the penalties prescribed in General Orders No. 118 and to those contained in Section 5(b) of the Trading with the enemy Act, as amended.

/S/ J. B. Poindexter

J. B. POINDEXTER  
Governor of Hawaii

### OFFICE OF THE GOVERNOR OF HAWAII FOREIGN FUNDS CONTROL HONOLULU, T. H.

#### PRESS RELEASE

Governor Poindexter, by the issuance of regulations relating to United States currency physically located in the Territory under the authority of General Orders No. 118 of the military governor, today took further steps toward the complete economic defense of Hawaii. This program, unique in the history of the United States as a measure of protection to lawful owners of property, is the result of careful study for the past several months by the Federal and Territorial Governments in cooperation with bankers and other persons in the Territory. It complements a program for the protection of the owners of United States currency and United States Government obligations which, it was revealed today, is in operation in the Territory under the supervision of representatives of the United States Treasury Department.

The regulations issued today provide for the immediate withdrawal of all United States currency now in circulation in the Territory of Hawaii, and its replacement by a series of United States currency specially prepared for the Territory, and bearing the distinctive overprint "Hawaii" in bold-face type on each end of the face of the note and the word "Hawaii" in large open-face type across the reverse side of the note. All United States currency now circulating must be exchanged for United States currency of the new Hawaiian series on or before July 15, 1942. The exchange of currency, it was announced, will be made at any bank within the Territory without charge. After July 15, 1942, no currency other than United States currency, Hawaiian series, may be held or used without a license from the Governor of Hawaii.

Since the outbreak of war last December very little currency has been imported into the Territory due to the difficulties of transportation and the high rate of war risk insurance, and the public will undoubtedly welcome the new currency. Residents of Hawaii will also note that official United States currency has never before in history carried such distinctive markings.

Officials emphasized that United States currency, Hawaiian series, is in all respects the currency of the United States government, backed by the full faith and credit of the United States government. It is therefore legal tender for all purposes within the Territory of Hawaii. The fact that its exportation is prohibited does not in any way affect its quality as legal tender any more than the prohibition upon the importation into and use within the Territory of Hawaii of any other series of United States currency after July 15, 1942, affects the validity of the latter. The whole currency program has for its purpose the protection of the interests of the United States and the residents of Hawaii and has the approval of the Treasury Department and other interested agencies in Washington, officials pointed out.



Brig. General Thomas H. Green, executive to the military governor, said, "As I see it, this program is an additional step in the defense of Hawaii, and it seems a logical corollary to the other defensive measures which have been and are being undertaken. One of its greatest merits is that the distinctive markings will make the currency easily identifiable and readily accessible in the event of emergency."

Governor Poindexter stated, "The difficulties inherent in requiring identification of currency by serial numbers alone made it desirable that a more distinctive method be adopted. After careful study of possible courses of action, the Federal Government collaborated in and approved this plan."

The regulations allow for whatever exceptions to the restrictions are deemed necessary by the authorities in the interests of the United States or the War Effort of the United Nations. Officials were quick to note, however, that violations of these regulations will not be tolerated and that severe penalties await the willful violator.

It was announced that applications to effect transactions prohibited by the regulations should be filed on Form TFR-H28 in the same manner that Foreign Funds applications are presently filed with the Civil Governor.

(This press release was issued in Hawaii on June 25, 1942.)

TREASURY DEPARTMENT  
Washington

FOR IMMEDIATE RELEASE,  
Tuesday, July 7, 1942.

Press Service  
No. 32-36

Persons holding ordinary United States currency in the Territory of Hawaii must exchange such currency by July 15, 1942 for United States currency of a special series to be used only in the Territory of Hawaii, the Treasury Department announced today. The exchange may be made at any bank within the Territory of Hawaii without charge.

The provisions of law governing the currency exchange are contained in regulations issued on June 25, 1942, by J. B. Poindexter, Governor of Hawaii, and Brigadier-General Thomas H. Green, Executive to the Military Governor of Hawaii. Under the terms of these regulations, after July 15, 1942, no currency other than United States currency, Hawaiian series, may be held or used in the Territory of Hawaii without a license from Governor Poindexter, and exportations of the new currency from Hawaii will be prohibited.

Any person importing ordinary United States currency into Hawaii after June 25, 1942, must deposit immediately such currency with an official at the appropriate port of entry, and will receive in return currency of the new series. Persons willfully disobeying these regulatory provisions will be subjected to severe criminal penalties, under orders issued by Brigadier-General Green.

Treasury officials explained that the new series is currency of the United States issued by the United States Treasury Department as legal tender for Hawaii and that it is fully backed by the credit of the United States. A note of the new series differs from ordinary American currency only in that it bears the distinctive overprint "Hawaii" in bold-faced type on each end of the face and the word "Hawaii" across the reverse side.

License applications to hold or use ordinary United States currency in Hawaii or to export United States currency, Hawaiian series, from Hawaii may be filed with Governor Poindexter on Form TFR-H28 in the manner in which Foreign Funds Control applications are filed.

The Hawaiian currency replacement program results from careful study of Hawaiian currency problems by the Treasury Department, War Department, Navy Department and Department of the Interior, in collaboration with Hawaiian civil and military authorities. Brigadier-General Green announced that the program complements other measures taken for the protection of Hawaiian citizens and the economic defense of Hawaii.

Additional copies of this circular will be furnished upon request.

ALLAN SPROUL,  
President.



**FEDERAL RESERVE BANK  
OF NEW YORK**

AUG 13 1942

[Circular No. 2481]  
August 13, 1942

**UNITED STATES CURRENCY, HAWAIIAN SERIES**

*To all Banks and Trust Companies  
in the Second Federal Reserve District:*

For your information we quote below the text of Amendment No. 2 to the Regulations Relating to Currency issued by the Acting Governor of Hawaii.

EXECUTIVE CHAMBERS  
Honolulu, T. H.  
July 29, 1942

**AMENDMENT NO. 2 TO REGULATIONS RELATING TO CURRENCY**

The Regulations Relating to Currency, as amended, are hereby further amended by substituting the date August 15, 1942, for the date August 1, 1942, in Sections (2), (3), and (4) of Title I of such Regulations.

CHARLES HITE  
Acting Governor of Hawaii

The text of the Regulations Relating to Currency, as amended by Amendment No. 2, is given below.

EXECUTIVE CHAMBERS  
HONOLULU, T. H.  
June 25, 1942

**REGULATIONS RELATING TO CURRENCY.**

These regulations are issued under the authority vested in the Governor of Hawaii pursuant to Executive Order No. 8389, as amended; Section 5(b) of the Trading with the enemy Act, as amended by Title III of the First War Powers Act, 1941, General Orders No. 118, Office of the Military Governor, 25 June 1942, and pursuant to all other authority vested in the undersigned Governor of Hawaii:

**TITLE I**

(1) Effective at once, all United States currency now in circulation in the Territory of Hawaii will be withdrawn from circulation and will be replaced with new United States currency prepared for the Territory of Hawaii by the United States Treasury Department. The new currency will be the same in all respects as ordinary United States currency except that the word "HAWAII" will be overprinted in bold-face type on each end of the face of the note and the word "HAWAII" will be overprinted in large open-face type on the reverse side of the note. Such currency will be referred to in these regulations as "United States currency, Hawaiian Series".

(2) All United States currency physically within the Territory of Hawaii, except United States currency, Hawaiian Series, shall be exchanged on or before August 15, 1942, for United States currency, Hawaiian Series. Prior to August 15, 1942, any person in the Territory of Hawaii may freely exchange United States currency now in circulation for United States currency, Hawaiian Series, at any bank in the Territory without charge.

(3) Effective August 15, 1942, the acquisition, disposition, holding, possession, transfer of, or other dealing in, or with respect to, any United States currency except United States currency, Hawaiian Series, within the Territory of Hawaii is hereby prohibited.

(4) Effective August 15, 1942, no person shall hold, or in any manner permit the holding of, United States currency of any series in any safe deposit box within the Territory of Hawaii, and no person shall thereafter deposit, or in any manner permit the deposit of, any such currency in any safe deposit box within such territory.

As Amended  
July 29, 1942

(OVER)



(5) All United States currency hereafter brought into the Territory of Hawaii shall be immediately delivered to such person as may be designated at the appropriate port of entry in Hawaii for exchange for United States currency, Hawaiian Series. Such exchange will be made without charge.

(6) No United States currency, Hawaiian Series, shall be exported or otherwise physically taken from the Territory of Hawaii. Any person desiring to export or otherwise take United States currency from the Territory of Hawaii may exchange United States currency, Hawaiian Series, for other United States currency without cost by making appropriate application to such person as may be designated at the port of exportation or withdrawal from Hawaii and by complying with the procedure prescribed by such designated person in connection therewith.

(7) Banks within the Territory of Hawaii and such other persons as may from time to time be specified shall, when so directed, file reports in triplicate on Form TFR-H25 with the Special Treasury Custody Committee as to the amount of United States currency of any series held by them in any capacity. Whenever the currency held by any bank or other person within the Territory of Hawaii is deemed to be in excess of the currency needs of such bank or person, or in excess of that required under existing circumstances in the Territory of Hawaii, such bank or person, upon the receipt of appropriate notice, shall forthwith deliver to the Special Treasury Custody Committee in Hawaii, or to a bank when so directed, such amounts of currency as may be prescribed and shall receive in lieu of such currency an equivalent dollar credit with such banking institution in the Territory of Hawaii or within the continental United States as the delivering bank or person may specify. Currency delivered to the Special Treasury Custody Committee pursuant to this provision shall be received for the account of the United States.

## TITLE II

(1) Exception to any of the provisions may be made by means of licenses, rulings, or otherwise, when it is considered that such exception is in accord with the purpose of these regulations and is necessary or desirable in order to avoid unusual hardship or is necessary or desirable in view of the needs of the military or naval forces of the United Nations. Applications for any such license may be filed with the Office of the Governor of Hawaii on Form TFR-H28, and the general procedure to be followed in handling applications for licenses will be that employed in the administration of Executive Order No. 8389, as amended. Unless the contrary is expressly provided, no license shall be deemed to authorize any transaction prohibited by reason of the provisions of any law, proclamation, order, or regulation other than these regulations. The decision with respect to the granting, denial, or other disposition of any application for a license shall be final.

(2) Rulings, instructions, interpretations, or licenses may, from time to time, be made or issued to carry out the purposes of these regulations and reports required in addition to those specifically called for herein with respect to any property or transactions affected hereby.

(3) These regulations shall not be deemed to authorize any transaction prohibited by or pursuant to Executive Order No. 8389, as amended, except such transactions as are necessarily incidental to the performance of acts specifically required by these regulations, and these regulations shall not be deemed to affect, alter, or limit General Orders No. 51, Office of the Military Governor, 9 January 1942.

(4) As used in these regulations:

(a) The term "currency" shall not be deemed to include coins.

(b) The term "person" means an individual, partnership, association, corporation, or other organization.

(5) These regulations and any rulings, licenses, instructions, or forms issued hereunder may be amended, modified, or revoked at any time.

## TITLE III

Attention is directed to the penalties prescribed in General Orders No. 118 and to those contained in Section 5(b) of the Trading with the enemy Act, as amended.

J. B. POINDEXTER  
Governor of Hawaii

Additional copies of this circular will be furnished upon request.

ALLAN SPROUL,  
*President.*



**FEDERAL RESERVE BANK  
OF NEW YORK**

Fiscal Agent of the United States

[Circular No. 2564]  
December 29, 1942]

**UNITED STATES CURRENCY, HAWAIIAN SERIES**

*To all Banks and Trust Companies  
in the Second Federal Reserve District:*

The text of Regulations Relating to Currency issued June 25, 1942, by the Governor of the Territory of Hawaii, as amended by Amendment No. 2, dated July 29, 1942, is set forth in full in our Circular No. 2481, dated August 13, 1942. As stated in such Regulations, United States currency, Hawaiian series, is the same in all respects as ordinary United States currency, except that the word "HAWAII" is overprinted in bold-face type on each end of the face of the note and the word "HAWAII" is overprinted in large open-face type on the reverse side of the note.

United States currency, Hawaiian series, is intended for circulation in the Territory of Hawaii, and it is desirable that its circulation in the continental United States be restricted as much as possible. However, because of the departure from the Territory of Hawaii of military and civilian personnel, it is probable that some United States currency, Hawaiian series, will be brought into the continental United States.

The Treasury Department has requested us to advise all banks, including nonmember banks, in the Second Federal Reserve District, that United States currency, Hawaiian series, should be freely received by them in exchange for regular series United States currency. We will exchange regular series United States currency for United States currency, Hawaiian series, presented by any person, including a bank, having possession of the same. United States currency, Hawaiian series, should not be otherwise held or dealt in by any bank.

In any case in which United States currency, Hawaiian series, accompanied by Form TFR-HC1, is presented to a domestic bank for exchange in accordance with the authorization set forth in our Circular No. 2547, dated November 19, 1942, the procedure set forth in such circular should be complied with, and all copies of Form TFR-HC1 so received, should accompany such United States currency, Hawaiian series, when it is presented to us by the domestic bank for exchange for regular series of United States currency.

Communications to us regarding the subject matter of this circular should be addressed to the Cash Department.

ALLAN SPROUL,  
President.

*Handwritten signatures and initials:*  
mes, [illegible], [illegible], [illegible], [illegible], [illegible], [illegible]



**FEDERAL RESERVE BANK  
OF NEW YORK**

Fiscal Agent of the United States

[ Circular No. 2575 ]  
January 19, 1943

**SILVER CERTIFICATES WITH "YELLOW" SEAL**

**For Use by American Forces in Combat Areas**

*To all Banks and Trust Companies in the  
Second Federal Reserve District:*

The Treasury Department has issued for use by American forces in combat areas specially identifiable silver certificates. These certificates in denominations of \$1, \$5 and \$10 are in all respects similar to silver certificates issued for circulation in the United States, except that the seal to the right of the portrait on the face of the note is printed with "yellow" ink instead of blue ink as is done on the certificates heretofore issued for circulation in the United States.

The Treasury Department has advised us that silver certificates identified with the "yellow" seal enjoy the same circulation privileges as other issues of United States currency in the United States and other parts of the world. Some of these certificates will undoubtedly be returned to the United States by members of the American forces, or others. Inasmuch as the Treasury Department desires to discourage the circulation of these particular "yellow" seal silver certificates in the United States, the Department has asked us to request the banking institutions in the Second Federal Reserve District not to pay out any silver certificates identified with the "yellow" seal which come into their possession, but to turn them in to us for retirement.

In forwarding such certificates to the Federal Reserve Bank, it will be appreciated if you will segregate these certificates from other currency.

Communications to us regarding the subject matter of this circular should be addressed to the Cash Department.

ALLAN SPROUL,  
President.



# The Central American Steam Navigation Co.

## by Joaquin Gil del Real

THE BANCO NACIONAL DE PANAMA PUBLISHED “COLECCION Numismatica Panamena” by Jorge Conte-Porras (Ediciones Biblioteca Jose Agustin Arango, *Boletin Cultural*, Vol. 5, 1982). On pages 56 and 57 appear illustrations of the \$2 and \$3 bills of the Central American Steam Navigation Co., dated Chagres, 1851, with the following commentary:

Bank bills issued by credit entities of the Atlantic Sector between 1850 and 1880. Note that the bills use a dollar denomination even though it recognizes the geographical location as Colombia.

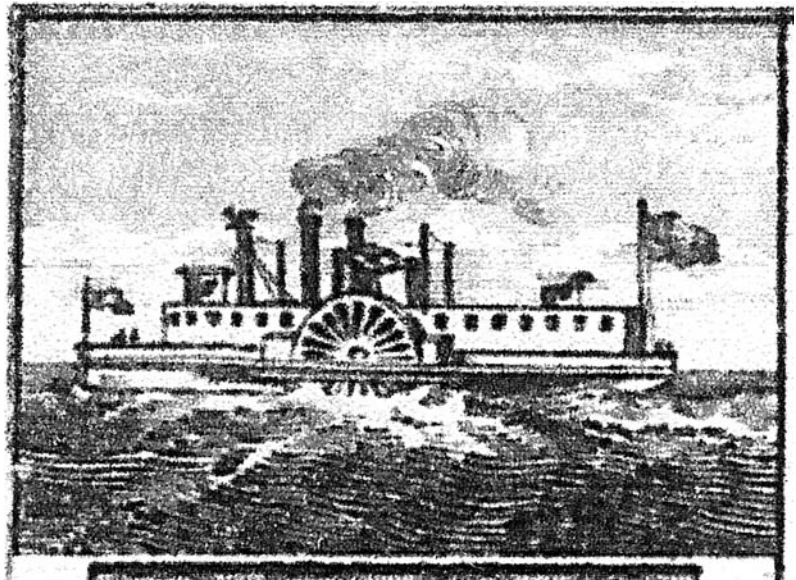
No other comment or reference to the bills or the company is made in the publication.

I have searched for the elusive Central American Steam Navigation Co. (CASNC) for some years and was only able to obtain a solid clue in the most unlikely manner. To say the least, I've written to many requesting information. Secretaries of State, New York and California, with negative results. To a myriad of maritime museums with equally disappointing results. And, also, I've written and badgered people all over. I would guess that when they see an envelope with my return address it would be placed aside and only opened when no other recourse was available. Many probably hid when they saw me. To all of you, my sincere apologies.

Regardless, persistence won out in the end by a mere stroke of luck. As a late-comer into the great fraternity of internet “surfers,” several years ago I put my new found knowledge to work using “research engines.” Each time I entered “Central American Steam Navigation Co.,” exactly as printed on the bills. Invariably, my answer was “No Match Found.”

One day I came across an article “Panama, the City Under the Tall Trees” by Yasha Beresiner in the *IBNS Journal* (Vol. 15, No. 3, 1976), which showed a half dollar CASNC bill with comments on the printer of same.<sup>1</sup> I copied it and sent it with a note to Gene Hessler to see if he could help. Gene, most kindly, answered me suggesting I enter “CASNCompany” with “Company” spelled out in full<sup>2</sup> rather than just “Co.”

Lo and behold, two entries came up: The Maritime Heritage, which





Below: *The Daily Alta California* reported on the arrival of *El Primero* of the Central American Steam Navigation Company. The steamer brought 15 passengers from stops at Guatemala, San Salvador, Honduras, Nicaragua, Costa Rica and Chiriqui (Panama). Opposite: *The Star of Panama* reported activities in Panama, February 8, 1854.

reproduced an article that had appeared in the *Daily Alta California* of July 1st, 1853, and "Pre Stamp Postal Markings" of the Republic of El Salvador. (Many thanks, Gene!)

I now had a reference point and a time frame to work with. Though the CASNC bills had "Chagres, 1851" printed on them, I had consulted the Panama National Archives and found nothing, neither for 1850, 1851 nor any other year to 1855. So, using the first reference date, which was 1853, I asked my local librarian to request inter-library loan of a copy of the *Daily Alta California* microfilm for that year. At first it was a hassle because my local library is just that, a local library and not a scholarly research institution. Regardless, huff and puff, find out who has the item (through the internet, of course), and *voila*, we obtained what we needed using resources available but hardly ever really used.

Those of you who have searched microfilm can sympathize with me when I admit that looking at microfilm makes one very dizzy, slowing things somewhat. On the California papers, I confirmed the internet entry and little else. Basically, San Francisco papers awaited the arrival of vessels from other ports and the Purser of each would hurry to deliver the newspapers from areas visited to the waiting editors at the port of arrival. The news was then reported, generally the following day with proper credit to the Purser, vessel and firm who supplied the information. Kind of a Public Relations effort of the day.

From California newspapers I decided to seek Panama newspapers. Again internet search revealed the location of desired items. Here I was surprised at the number of universities with comprehensive microfilm records of Panama newspapers. Again, an inter-library request is made; huff and puff, stomp, jump, look angry, make a fuss; a telephone call is made; the ways are greased and the machinery being oiled works like a brand new clock. You ask; you receive; you research; you return, and the cycle goes all over again. Hard to start, but once it begins working it's wonderful. I finally received items requested and the story began to unfold.

Here it is:

The first mention of the CASNC from the *Daily Alta California* of July 1st, 1853 extolled the trade possibilities with Central America. It mentioned:

... that Capt. Thomas Wright had concluded a contract with the Central American Republic for exclusive privilege of the coasting trade for the term of ten years ... to carry the mails ... to Panama. The company is called the Central American Steam Navigation Company. The first steamer will commence running on the 15th October.<sup>3</sup>

Capt. Wright had secured a contract with El Salvador on January 12, 1853,<sup>4</sup> granting the exclusive right to coastal trading and to carrying the mail. A similar contract was signed with the authorities in Costa Rica.<sup>5</sup> Both contracts established January, of the following year, as the date for establishment of a steamship line, with monthly service, between Istapan, Guatemala, ports in between and Panama.

By July of 1853,<sup>6</sup> the CASNC had marked the route

**Thanks.**

We are indebted to Mr. Jno. M. FREEMAN, agent of Adams & Co.'s Express; to Messrs. HURTADO & HERMANOS, agents of Wells, Fargo & Co.'s Express; and to Mr. H. MUNRO, agent of the Pacific Mail Steamship Co., for the early delivery of late California papers.

**INTERESTING FROM CENTRAL AMERICA.**

ARRIVAL OF THE STEAMER  
**EL PRIMERO.**

**Latest news from Central America.**

The Central American Steam Navigation Company's steamship *El Primero*, LEONIDAS SMITH, Commander, arrived in the Port of Panama, on the 14th inst., being 34 days absent on the round trip.

This steamer brings 15 passengers, the Central American mails, a considerable amount of specie, and assorted cargo.

The following are our latest dates from the coast:

From Guatemala.....	24 Feby.
" San Salvador.....	2 March.
" Honduras.....	2 "
" Nicaragua.....	6 "
" Costa Rica.....	8 "
" Chiriqui.....	12 "

From Guatemala we have but little news. The country is still in a very disturbed state, occasioned by the war which is being carried on with Honduras.—Trade, for the same reason, is rather dull, although the crops are reported as being prosperous.

Much suffering has been experienced in the Republic of San Salvador, owing to the destruction of a large amount of the past season's crops by the caterpillars, the result of which has been that the government has temporarily prohibited the export of grain, which has consequently had rather a prejudicial effect on the export trade.

The country is tranquil, and the people appear contented with the present government.

The last official returns show the past year's income to be as follows:—

Receipts.....	\$476,951
Disbursements.....	467,680
Surplus.....	\$ 9,271

The usual quarterly fair was held at San Miguel during the end of February and the beginning of the



though no "positive information as to the precise time the line will be put into operation . . ." was available. By September<sup>7</sup> the Steamship *Sea Bird*, which was to have been on the line had been wrecked. Mention was made of the *West Point*, which at that time was running on the Sacramento River. The following month,<sup>8</sup> it was announced that the Steamer *El Primero* would shortly begin operation. Another Steamer, the *Goliath* is also referred to in November<sup>9</sup> and it is at this time that the first advertising of the CASNC appears in a Panama newspaper.

In January of 1854 Captain Wright was in Panama:

. . .making arrangements for the immediate dispatch of *El Primero* after her arrival here. She will probably sail hence on the 17th. inst . . . The rates of freight and passage will be fixed about the same as that charged by the wretched and unsafe old vessels which at present carry on the coasting trade and no exorbitant charges will be enacted.<sup>10</sup>

Finally on February 5, 1854, the *Daily Panama Star* announced the arrival of the *El Primero* at Taboga on Friday the 3rd of February. Particulars of the voyage were detailed, as is a list of passengers disembarking. In the same article, the stockholders of the CASNC were identified as: "Capt. Thomas Wright, Mr. S.L. Jones (Agent at David, Chiriqui, Panama) and we understand our fellow townsman Mr. Ran Runnels." Runnels became the Agent for the company at Panama.<sup>11</sup> The article continued praising the benefits to Central America, Panama and the company. Mention is also made that Panama can serve as a central storage area for manufactured products which can thereby be supplied to customers in Central America and South America. It goes on to say that much trade is expected with the establishment of this line. (Today there is a flourishing Free Trade Zone in Colon.)

On the return trip of *El Primero*, Mr. Archibald Boyd, co-proprietor of the *Daily Panama Star*, took passage so as to ". . . collect information. (Since) Little is known of the resources and characters of these (Central American) countries . . ."<sup>12</sup>

Returning to Panama the following month Boyd's comments and observations are published in the *Daily Panama Star* of March 16, 1854. We quote:

From Guatemala we have but little news. The country is in a very disturbed state occasioned by the war . . . with Honduras. Trade is rather dull. . . much suffering in the Republic of El Salvador owing to the destruction of a large amount of the past season's crop by the caterpillar. . . The State of Nicaragua is exceedingly dull and little business appears to be doing. . . Costa Rica is at present in a more

Office, Calle de las Viudas. [1854-1855]

# RAN RUNNELS,

## Forwarding and Commission

### MERCHANT,

TRANSPORTER OF

## ADAMS & CO'S EXPRESS,

AND

### AGENT OF THE

## CENTRAL AMERICA AND NEW

### Granada Steam Navigation Company,

### PANAMA.

**O**FFERS his services to the merchants of the various ports in Central America.

All consignments made to him will receive his prompt attention; and from his long residence in Panama and the facilities that he enjoys, can offer superior inducements to those who may entrust their business to him.

All orders for the purchase or sale of merchandise, carefully attended to.

Liberal advances will be made, when required, upon consignments. feb8-18

## Central America and New Granada

### STEAM NAVIGATION COMPANY.

**T**HE first steamer of the CENTRAL AMERICAN STEAM NAVIGATION COMPANY.

# EL PRIMERO,

Captain SMITH,

will be ready to receive freight in the harbor of Panama, on

## Tuesday Morning, Feb. 7,

AND WILL SAIL ON

## WEDNESDAY MORNING, Feb. 8

FOR THE FOLLOWING PORTS:

MONTIJO, New Granada;  
CHIRIQUI, ditto;  
PUNTA ARENAS, Costa Rica;  
SAN JUAN DEL SUR, Nicaragua;  
REALEJO, Nicaragua;  
ISLA TIGRE, Honduras;  
LA UNION, Salvador;  
LIBERTAD, ditto;  
ACAJUTLA, ditto;  
ISTAPA, Guatemala.

The steamers of this Company will make regular trips from Panama to Guatemala, touching at each of the above ports going and coming.

Persons desiring to visit the adjoining republics of Central America, either for pleasure or business, will now have an excellent opportunity of doing so. These countries are rich in undeveloped resources of commerce, that only require facilities of transportation from port to port such as is now offered—and the merchants of Panama will no doubt find it to their interests to immediately make arrangements for an extension of their business, in the exchange of their merchandise for the products of these countries.



Central American Steam Navigation Co. Half Dollar/Medio Pesos unissued remainder with imprint, Pick Colombia S887. (Illustration courtesy Stack's, ex-John J. Ford, J. Roy Pennell, Thomas F. Morris, Edward Eberstadt)

nourishing state than it has ever been and is most decidedly the most prosperous and advanced part of Central America.

After more general comments on country conditions and trade, Boyd refers to the CASNC indicating that this first trip was an “experiment” creating “the necessity of entering many places.” Reference is made regarding the “arrangements” made with some of the Central American governments, that had not been complied with, and that negotiations continued between local agents and respective authorities to not only comply but to expand and improve those benefits already granted.

Lack of adequate port facilities in Guatemala and San Salvador could delay the vessel in its route. The trip is quite lengthy and too much for only one steamer yet Boyd continues to argue for a commercially successful venture, where “proper benefits [are] received and adequate vessels used.”

Boyd stated:

We trust the enterprising originator of the line, Capt. Thomas Wright, may fully realize the success in this undertaking which his present prospects warrant him in anticipating, although we hardly deem it necessary to wish the scheme prosperity, concerned as we are that twelve months time will prove it to be one of the most profitable investments on the Pacific Coast.

Monthly voyages continued until Thursday the 25th of May 1854, barely four months into the venture, when we read in the *La Estrella de Panama*: “We learn with much regret that the Steamship *El Primero*, of the CASNC, is about to be taken off the route and sent South.” “. . . Captain Wright . . . has had to battle single handed with all the obstacles . . .”

A hint of the possible cause of this deise can be discerned from the comments in the same article: “. . . the petty, contracted ideas of the people who should have reaped the benefit of the line (mention had been made of connections with and through the Panama Railroad, soon to be completed). And the writer continues to hint at “. . . to save a dime . . . or a dollar, most would spend ten or fourteen days at sea on board a rotten hulk . . . and the risk of losing their cargo . . . when . . . could reach destination . . . within forty hours.”

The *El Primero* left Panama on Friday, May 26, 1854, in the early hours of the morning for Callao, Peru.<sup>13</sup>

In observing the bills of the CASNC we notice that they show “Chagres, 1851.” By 1854 Chagres was in disuse as all vessels now went to Navy Bay and Aspinwall (or Colon), the Atlantic terminus for the Panama Railroad. From there passengers boarded the train which took them as far as the rails had been laid at that moment. The Panama Railroad was completed in late January of 1855.<sup>14</sup>





We know that Capt. Wright had passed the Isthmus in 1849, and being a successful entrepreneur had concluded the potential available. He probably got ahead of himself. Of course, at this time, such private issues of bills were quite common. There were four denominations of lithographed bills, which are denominated bilingually:

Plate A	Half Dollar/Medio Pesos	Pick Colombia S887
Plate B	One Dollar/Un Pesos	Pick Colombia S888
Plate C	Two Dollars/Dos Pesos	Pick Colombia S889
Plate D	Three Dollars/Tres Pesos	Pick Colombia S890

All bills are unpriced and designated RARE in the *Standard Catalogue of World Paper Money*, vol. 1, Specialized Issues, 9th edition. All have a central vignette of an eagle on a rock with ships in the distance at center, a steamship at upper left, a bee hive at lower left, a native in a canoe at upper right. They state "The Central American Steam Navigation Co. // Will pay Half Dollar (One Dollar, Two Dollars, Three Dollars) to the bearer at their Banking House on demand. // Chagres, January 1st 1851," with spaces for the signatures of the Secretary and Cashier. The imprint "Wheeler, Beale & Co. NY" is in small type at bottom.

Regarding the 50-cent bill. We have a 50-cent bill illustrated in the Yasha Beresiner article mentioned earlier. It was an unissued remainder with the imprint of Wheeler, Beale & Co. NY. According to Beresiner the 50-cent note along with \$2 and \$3 notes fetched \$2,000 in a 1973 auction. In a May 26, 2005, Stack's John J. Ford Auction a medio peso (Lot 4219) went for \$3,400. According to the cataloger, the note and the succeeding lot (un pesos) had been cut from a sheet of four notes of all denominations "that came from the Thomas F. Morris Estate." Morris had been an engraver at the Bureau of Engraving and Printing at the end of the 19th Century. The note had sold at auction twice in

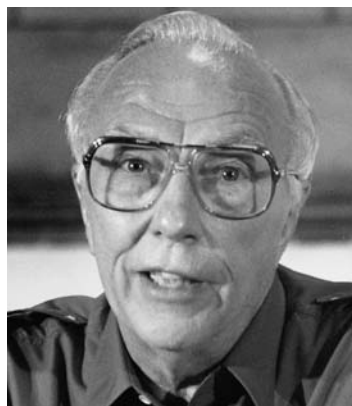
**Top:** Central American Steam Navigation Co. One Dollar/Un Pesos unissued remainder with imprint, Pick Colombia S888. (Illustration courtesy Stack's, ex-John J. Ford, J. Roy Pennell, Thomas F. Morris, Edward Eberstadt)

**Above:** Central American Steam Navigation Co. One Dollar/Un Pesos "issued" note #5372 with no imprint, Pick Colombia unlisted. (Illustration courtesy Lyn Knight)





Left: J. Roy Pennell (SPMC #8) owned all four denominations of the Central American Steam Navigation Co. bills with the printer's imprint of Wheeler & Beale, NY. The notes had come from a cut sheet previously owned by BEP engraver Thomas F. Morris. Right: John J. Ford (SPMC #278) acquired the One Dollar/Un Pesos note in 1975, and the Half Dollar/Medio Pesos note two years later. He also attempted to acquire the \$2 and \$3 notes, but they were purchased by a Dominican collector through Almanzars.



the seventies, and other owners prior to that time had included J. Roy Pennell and Edward Eberstadt. Ford acquired the note at a November 5-7, 1977, Paramount auction.

I had also seen a photocopy of one of the one dollar bills, and it is illustrated in the Pick. In the same Stack's 2005 sale the companion \$1 with printer imprint (Lot 4219) went for \$3,500. Bidding started at \$3,250. That's a bunch of money for items about which little is known. I presume the same bidders bid for both of these items. According to the cataloger, Ford had purchased the \$1 note in 1975 at the New York International Numismatic Convention Sale held December 4-5 by Henry Christensen (Lot 1159). Again the provenance included Edward Eberstadt, Thomas F. Morris and J. Roy Pennell.

In the meantime a second variety of the One Dollar/Un Pesos bill appeared in a 2004 Lyn Knight sale held in Dallas, TX. This unlisted variety was graded Fine/VF and purportedly issued! It is filled-in in brown ink. The bill bears serial number 5372, a seemingly impossibly high number. The Secretarial signature reads suspiciously "Hendrick Hudson," and the Cashier's signature reads "Joseph Griffiths." Both signatures appear to be in the same hand. It was estimated at \$750-\$1,250, and billed as "a special opportunity to obtain an extremely difficult piece." It attracted much attention and sold for \$2,450. It is no doubt a rare note, even if not contemporaneously issued.

According to the Stack's cataloger John J. Ford attempted to acquire the other two notes from the cut sheet (the \$2 and \$3) also, but was unsuccessful. The \$2 and \$3 bills depicted here (ex-Almanzar) were most kindly supplied by their owner, a very dedicated Latin American collector from the Dominican Republic. They also have the Wheeler & Beale imprint. They are beige in color, one having a slight discoloration as from a burn. The bills are the only examples known, at present, to me. These are likely the bottom two notes from the cut sheet owned by Old Tom Morris that John J. Ford could not obtain. We doubt that any were placed into circulation, and no mention has even been made of them in the material that we have reviewed.

One possible culprit for the demise of the short-lived CASNC could have been the owners of the Panama Railroad, messrs. Aspinwall, Stephens, Chancey and Howland, who were "principals at interest" also of the Pacific Mail Steamship.<sup>15</sup> With the clamor of passage to California and good profits, the field did attract many competitors. These threats to the monopoly of the mail companies were met by outright buying out the competition or by lowering rates to ruinous levels. This was the time of the famous "robber barons." Commodore Vanderbilt was an exception as he had the wherewithal with which to compete, and he was no slouch either. He eventually "persuaded" with a rather attractive monthly "bonus" to leave things be.<sup>16</sup>

Otis, in his book, *Illustrated History of the Panama Railroad*, published in 1861<sup>17</sup> states: "Source of Business . . . Central America . . . population 2,000,000



... value of trade ... exceeds \$60,000,000 per annum.” Rather hefty number for the times. It is also a fact that in 1856, barely a year and a half after the CASNC ceased operations, the Panama Railroad “organized a line of steam communication with all the ports from Panama to San Jose de Guatemala.<sup>18</sup> The line was entitled “Central American Steam Ship Company.” Otis further states: “In 1858 the business over the road from the South and Central American States exceeded in value nine times the freighting business of California via the Ithmus.”<sup>19</sup>

Curiously, Captian Thomas or Capt. Tom, as he was known, returned to California and eventually to the Frazier River, British Columbia,<sup>20</sup> where he continued to practice his craft. However anytime the Pacific Mail or any subsidiary went into a new route, on the Pacific Northwest, Capt. Tom and his family were right there in the thick of things, competing and knocking heads with a vengeance.<sup>21, 22</sup>

In San Francisco, the Wrights resided at 2622 Bush Street.

Capt. Tom passed away November 18, 1895, at his home in Seattle, WA.<sup>23</sup>

So ends a minor chapter of the Panama Route, in what can now be considered a slight footnote.

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1. Also, correspondence with The New-York Historical Society identified Wheeler, Beale & Co., 80 Wall Street, as “importers of stationery.”
2. [www.maritimeheritage.org](http://www.maritimeheritage.org)
3. Wright, F.W. *Lewis Dryden's Maritime History of the Pacific Northwest*. Portland, OR: Lewis Dryden Printing Co., 1895. According to this source, “Capt. Thomas Wright was one of the three sons of the celebrated John T. Wright. . . . Captain Tom was born in New York in 1828 and began his career as a sailor. . . . In 1849 he came to the Pacific Coast in the Steamer

**Top:** Central American Steam Navigation Co. Two Dollars/Dos Pesos unissued remainder with imprint, Pick Colombia S889. (Illustration courtesy private collection, ex-Almanzars, J. Roy Pennell, Thomas F. Morris, Edward Eberstadt)

**Above:** Central American Steam Navigation Co. Three Dollars/Tres Pesos unissued remainder with imprint, Pick Colombia S890. (Illustration courtesy private collection, ex-Almanzars, J. Roy Pennell, Thomas F. Morris, Edward Eberstadt)

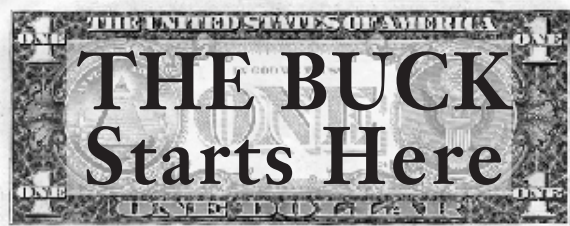
- West Point*. . . . At Panama, the Captain discharged and Captain Tom brought her the remainder of the distance.”
4. I wrote all the Archives of all the Central American nations. Only El Salvador and Costa Rica were kind enough to answer and supplied supporting evidence. *Gaceta del Salvator*, January 20, 1853, Archivo General de la Nacion, Palacio Nacional de El Salvador, San Salvador.
  5. *Fondo Congreso*, No. 7314, Fecha 1853, Junio-Julio, Decreto No. 16, 16 Febrero, 1853, Direccion General Archivo Nacional Apartado 41-2020, Zapote, Costa Rica.
  6. *Daily Panama Star*, July 27, 1853.
  7. *Daily Panama Star*, September 27, 1853.
  8. *Daily Alta California*, October 1, 1853.
  9. *Daily Panama Star*, November 30, 1853.
  10. *Daily Panama Star*, January 4, 1854.
  11. *La Estrella de Panama*, February 5, 1854.
  12. *Daily Alta California*, February 27, 1854.
  13. *Daily Star & Herald*, May 26, 1854.
  14. Kemble, John Haskell. *The Panama Route, 1848-1869*. Berkeley, CA: University of California Press, 1943.
  15. Kemble, John Haskell. “The Panama Route to the Pacific Coast, 1848-1869,” *The Pacific Historical Review*, vol. VII no. 1 (March 1938). Glendale, CA: The Arthur H. Clarke Co.
  16. *ibid.*
  17. Otis, F.N., M.D. *Illustrated History of the Panama Railroad*. Pasadena, CA: Socio-technical Books, 1971.
  18. *ibid.*
  19. *ibid.*
  20. Frederic, William Howay. “The Early History of the Frazier River Mines,” *Archives of the British Columbia*, Memoir No. VI, Charles F. Bonfield, printer, 1929.
  21. Wright, p. 66.
  22. Newell, Gordon and Joe Williamson. *Pacific Coastal Lines*. Seattle: Superior Publishing Co., 1959.
  23. *San Francisco Chronicle*, November 19, 1895. ❖

## Volunteers wanted--you've been waiting, here's your chance!

The American Numismatic Association (ANA) offers tables to coin and paper money club and hobby organizations at its shows. They require two clubs per table. The Society of Paper Money Collectors (SPMC) and the Early American Coppers Club are sharing a table this August 2010 in Boston. Basically, we have some membership information, brochures, applications for membership at the table and talk with people as they come by – it is advertising and recruiting. We are accepting signups in one hour increments from 9:30 a.m. to 5:30 p.m. EDT Wednesday August 11, through Saturday August 14. If you are attending ANA and want to take a break, rest your feet, talk with people about SPMC, this is a great way to do it and give back to the Society too! Please contact: Pierre Fricke, P.O. Box 52514, Atlanta, GA 30355 or email – [pfricke@attglobal.net](mailto:pfricke@attglobal.net) if interested.







*A Primer for Collectors*  
BY GENE HESSLER

## Celebrating the Smile *Mona Lisa* Note Popular

READERS OF THIS COLUMN KNOW THAT I like to acknowledge anniversaries as they relate to paper money; here were a few for 2003 that I noted when this column was first printed back then.

Born in 1428, 2003 marked the 575th anniversary of the birth of Giovanni Bellini. This Italian composer was mentioned in a column about musicians. So, I will only say for those who did not read that column, a portrait of Bellini can be found on an Italian 5000-lire bank note, P111.

Johann Gutenberg with financial backing from Johann Fust printed a 42-line bible in 1453, 550 years ago in 2003. Johann Gutenberg is a name familiar to you, however, based on recent research of two scholars, history must be rewritten.

In 2001 two Princeton researchers, Paul Needham and Blaise Agueray y Arcas, reported discrepancies between individual letters in printed work of Gutenberg; they concluded that he may have used an alternative method of printing. Until now Gutenberg had been credited as the first to print from movable type in Europe ca. 1452. Gutenberg "may have used an earlier technology that involves casting letters in molds of sand—molds that could be reused..." (P. Spencer, "Scholars press for printing clues," *Princeton Weekly Bulletin*, 12 Feb. 2001, vol. 90, no. 16).

Images of Gutenberg, Peter Schoeffer and Fust appear on U.S. obsolete bank notes for Pittsfield Bank, MA \$50; Safety Fund Bank, Boston, MA \$3; Commercial Bank of Troy, NY \$3; East River Bank, NYC \$3; and Bank of Yanceyville, NC \$20.

Fust, a creditor, took over Gutenberg's shop and

made Schoeffer, Gutenberg's most experienced printer, his chief printer. (Fust is most often incorrectly spelled as Faust. The latter 16th century literary figure sold his soul to the devil for youth and knowledge. To Gutenberg, Fust, a creditor, probably appeared as the devil.)

The year 2003 also marked the 500th anniversary of the painting of the *Mona Lisa* by Leonardo da Vinci. Leonardo was the subject of an earlier column too. An engraving of the *Mona Lisa* was used on a 20-colones bank note for Costa Rica, P167. Mentioning the use of this famous painting as an engraving allows me to acknowledge the engraver, John Augustus Charles Harrison.

J.A.C. Harrison is remembered, as one of England's most respected engravers and designers. He was born on August 5, 1872, and died in January 1955. There were six engravers with the name Harrison, all came to America to work except Samuel. The father of J.A.C. Harrison was also named Samuel, the son of John Harrison.

At 13 J.A.C. Harrison began his studies with his father and attended art classes in Birmingham. At 17 or 18 he joined Waterlow Brothers and Leighton, later called Waterlow & Sons. George U. Rose, who left the U.S. Bureau of Engraving and Printing to become department manager at Waterlow & Sons, recognized Harrison's superior talent. Rose said that it would be too dangerous not to hire Harrison. This implied that a competing company



would certainly hire him,

By 1900 Harrison chose to work as a free-lance engraver and executed some designs for Perkins, Bacon & Co. He had an offer to join American Bank Note Co. but decided to return to Waterlow & Sons as chief portrait engraver. Joseph Keen who trained under Harrison said his teacher was an inspiration and set a standard for other engravers. Harrison, who was also recognized for his oil painting and watercolors, engraved bank notes and postage stamps for more than 30 countries. The life and work of J.A.C. Harrison occupies four pages in my book *The International Engraver's Line*.

The *Mona Lisa* note is a popular one and consequently rather expensive. However, portraits of K. Havlicek and M. Stefanik on notes for Czechoslovakia, P61 and P62 are good examples of Harrison's work that should cost less than \$20 each.

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# **Robert H. Lloyd pioneered a long trail for collectors to follow** **1906-2009; A remembrance**

**By Fred Reed**

I SHOULD BE CALLING HIM MR. LLOYD, BUT FOR decades I've been calling him Bob. The world knows him as Robert H. [Hepworth] Lloyd, a venerable personage from the mysts of the hobby's past who blazed a trail for collectors to follow. Bob provided a genuine link for the generation of present day collectors to their hobby forefathers and grandfathers.

Robert H. Lloyd, SPMC Honorary Life Member #14, passed away October 20, 2009, as I belatedly mentioned all to briefly in my "Editor's Notes" column in the last issue of *Paper Money*. "It is always a loss for us when a distinguished and long time member leaves us," SPMC President Mark Anderson noted. Last issue, I promised to pay him more formal tribute when I could collect my thoughts.

Mr. Lloyd was born May 18, 1906, at home in a Buffalo, NY house that is still there. Blessed with the cool suave looks of a Milburn Drysdale, he dated Samuel Brown's daughter. Yes, this Samuel Brown IS THE same Samuel Brown who once owned all five of the 1913 Liberty nickels.

Buffalo was a hot bed of numismatics early in the 20th Century. In fact in 1901, the American Numismatic Association had convened its annual convention there in the office of Dr. B.P. Wright. At the meeting the host became ANA President.

At age 20, Bob picked up a copy of *The Numismatist* at his local library and became enthralled. Distinguished obsolete currency cataloger D.C. Wismer and fledgling dealer Moritz Wormser (both early inductees into the ANA Hall of Fame) proposed Bob for ANA membership, and in 1926 he became ANA #3024. His membership cost a buck; subscription to the magazine was \$2 bucks extra at the time!!

Shortly thereafter, on May 13, 1927, the Buffalo, NY Numismatic Association was formed. Bob quickly joined and attended meetings when home from college at the University of Michigan. In 1929 Lloyd was elected BNA Secretary.

Bob commenced his professional life as a cashier in brokerage firms for six years, so he had the opportunity to handle cash day-in and day-out.

In June 1927, he published his first short contribution in *The Numismatist*. Titled "Making the Cheese Snappier," the article was on U.S. coinage and was followed by more than 50 additional articles over the years.

However, Bob's real passion was for paper money, and he

became a frequent exhibitor. His first paper money article of substance was a response to friend and mentor D.C. Wismer's "Descriptive List of Obsolete Paper Money," which was a continuing monthly column in the ANA periodical that had been running for five years by then. Lloyd was reading the May, 1927, installment when he realized that he had notes related to Mt. Clemens, MI obsoletes described by Wismer.

On July 7, 1927, he sent Editor Frank Duffield "The Bank of Tonawanda [NY]" about a wildcat note from the Niagara Frontier that was actually a rare remainder note on the broken Bank of Macomb County, Mt. Clemens, MI (north of Detroit), that had been printed to send off into the hinterland (payable in western New York) far away from the issuer.

Lloyd's collection of federal currency was launched on August 21, 1928, when he purchased 19 highgrade low-denomination type notes from legendary paper money dealer George H. Blake of Rochester, NY. Lloyd spent \$95.75 for the five Extra Fine and 14 Uncirculated bills. These same notes book today (according to the 18th edition of Friedberg) at \$43,090!

In an era before illustrated paper money catalogs, Lloyd began to sell photographic reproductions of the rare notes through ads in *The Numismatist* so collectors who could not afford the real thing could see what they were missing.

On Oct. 18, 1927, ANA activist Robert H. Lloyd pleaded for standardization of coin grading. His call falls on deaf ears. A half century later, ANA would act of Bob's proposal belatedly in 1977 when Virgil Hancock and Abe Kosoff pushed the association to adopt and publish its official grading standards.

In 1928 at the Rochester ANA convention, Bob was named chair of a committee "charged with establishing standards for the attribution of coins in both public and private sales," according to former ANA historian David Sklow.

On Aug. 22, 1929, ANA activist Robert H. Lloyd reported on the need for uniform coin grading standards; he also recommended to the Board that the following year's ANA convention be held in his hometown, Buffalo.

Due in large measure to Lloyd's enthusiasm and the reservoir of local numismatic talent available, the ANA show did come back to Buffalo in 1930. Lloyd served on five convention committees and chaired the Papers Committee.

On Aug. 23, 1930, Albert A. Grinnell and Robert H. Lloyd exhibited paper money at Buffalo, NY ANA convention. Only 24-years-old, the activist and exuberant collector was also nominated for a seat on the ANA board. Bob was elected to that post on August 27, 1930.

A small copper medal of that period issued in 1932 marks Lloyd's election to President of the Buffalo Numismatic Assn. Serving with him were legendary numismatists N.S. Hopkins as Treasurer and Stuart Mosher as Secretary.

Bob then became a high school teacher for 30 years, followed by being director of adult education for 16 years. He had been retired for the four decades at the time of his death.

On July 15 1935, he had married his wife, Gladys Hepworth at the home of a cousin in Port Chester, NY.



**Bob Lloyd in 1939**

Gladys also lived past the century mark, and the couple celebrated more than seven decades together. They were blessed by a daughter, Martha, and a son David.

According to research by ANA historian Sklow, “in 1942 Lloyd was appointed Director of Coin Purchases for the Moritz Wormser Memorial Loan Exhibit at the Smithsonian Institution.” Formation of the ANA’s numismatic collection began in the 1920s with the establishment of ANA’s Moritz Wormser Memorial Loan Exhibit at the Smithsonian Institution.

On Aug. 23, 1947, the ANA annual convention returned to Buffalo, and Lloyd served on four convention committees. “He served on many ANA convention committees over the next 20 years. . . . During the 1940s and 1950s, it was difficult to open an issue of *The Numismatist* without seeing something by (or about) this man,” Sklow wrote, when Lloyd received his 75th year membership award from the ANA in 2001.



Bob Lloyd at age 92 in 1997

For example, in *The Numismatist* in 1939, Lloyd reported on silver Wilson dollars medal struck to celebrate the opening of the Manila Mint in 1920 with a portrait of Woodrow Wilson, and a reverse depicting the sheltering arm of a maternal U.S.A. and its Pacific dependency. According to Bob, the Wilson medals “remained available at issue price, \$1 for silver or 50 cents for bronze until recently.”

“Recently?” In 1939 my dad hadn’t even met my mother yet, and Bob Lloyd had been a big time participant in our hobby for more than a decade by then.

Most of his articles, however, were on small size U.S. notes, which he clearly loved. Bob’s research was really pioneering work that helped launch the collecting of contemporary currency in the 1930s and 1940s.

I have corresponded with Bob Lloyd for more than 30 years. As I mentioned in the last issue, our initial “meeting” occurred after I had written an article for *Coin World* in the mid-1970s on Eastman National Business College scrip (a life-long collecting interest of mine), and Bob wrote me that his father, Morris D. Lloyd, had graduated from Eastman.

What followed was an interesting series of correspondence spanning decades. Included were many generous gifts of personal Eastman mementoes that he had inherited from his father that Bob gave to me. Bob also gave me lots of his personal files on topics he thought would interest me over the years. Those are specially treasured, and the practice might be a good idea for other long time hobbyists to consider before they pass to their own rewards. Who could benefit from this

essentially worthless stuff that my heirs will probably toss after my death, we might all ask ourselves?

Lloyd was way ahead of the curve in discovering the joys of paper money. His research did not just appear in *The Numismatist*. He also wrote for Lee Hewitt’s *Numismatic Scrapbook* and Wayte Raymonds’s *Coin Collector’s Journal* on U.S. paper money before there was a lot of organized interest in this genre. His “A type set of \$1.00 and \$2.00 United States currency notes,” was reprinted as a 28-page booklet from the Scrapbook. His “National Bank Notes, Federal Reserve Bank Notes, Federal Reserve Notes, 1928-1950” was reprinted as a 16-page pamphlet from the Journal. Dozens of other paper money articles by Lloyd are cataloged in the Numismatic Indexing Project.

More than three dozen of Lloyd’s articles have appeared in the pages of *Paper Money*, covering topics as diverse as large and small size Silver Certificates, block numbers, college currency, Canadian currency, commission scrip and Gold Certificates. Many of these are still very pertinent to our enjoyment of the hobby, and all are listed on the cumulative *Paper Money* index which can be found on our website, [www.spmc.org](http://www.spmc.org).

In 1964 when pioneering paper money dealer William P. Donlon compiled his *Catalog of United States Small Size Paper Money*, additional material by Robert H. Lloyd and Lee F. Hewitt also appeared in it and successive editions.

Another U.S. paper money cataloger whom Lloyd helped was Neil Shafer. “I have some good recollections of Bob Lloyd, recalling our discussing the possibilities of the existence of small size Gold

Certificates dated 1928-A during the time when my U.S. currency book was a new reference. He was always ready to assist in any way he could, and was as I recall an excellent researcher.”

In 1991 Lloyd assisted in cutting the ANA Centennial birthday cake at its convention in Chicago. Assisting were Association President Kenneth L. Hallenbeck, and William Heath Race, grandson of Dr. George F. Heath, ANA founder.

In 2001 Lloyd received a silver ANA Medal of Merit to honor his numerous years of service to the association and promotion of the hobby in a ceremony August 11th in Atlanta. Robert H. Lloyd became the first ANA member to achieve 75 continuous years of membership. At the time Lloyd had been a member of the ANA Numismatic Hall of Fame Advisory Board for a number of years.

Lloyd had other interests besides numismatics. He was a member of the national Railway Historical Society, and also the City Historian of his hometown, North Tonawanda, NY. These interests coincided when he penned a monograph *Trolley Days in the Tonawandas* for the local historical society. It was published in November, 1969.

Lloyd not only had fond remembrances of the “trolley days” of his youth. His father Morris had been the purchasing agent for one of the lines, and Bob had his daybook and papers to supplement other primary source material. He dedicated the 48-page booklet to his mother Lillian “who talked local history to her children.”

What a wonderful legacy to hand down. Thanks for talking paper money history, Bob, for those many, many years. ♦





## The President's Column



### Dear Fellow Paper Money Lovers:

This month I feel like writing of two seemingly [to me only perhaps] related themes. One is a report from the recent past; one is a look forward. I will do my best to weave both into one reasonably cohesive message. And I do so with some trepidation, because I know that the vast majority of our Society's members are members because of their interest, primarily, in United States paper money [of all sorts] and the associated history the paper money reflects. However, I also know there are many of us, myself included, who also have a few interests in other parts of the world. Since we in the United States and in our neighbor to the north live in [relatively] young countries, our personal connection to our immigrant heritage is frequently only a generation or two old. So, for those of us with that link who are interested, an interest in a foreign country and perhaps its paper issues are a meaningful collecting option. But regardless of one's genealogy, there are a great many motivations foreign paper collectors have found.

While some might argue it, the Society's journal does take a global view of the world of collecting paper money, and we do enjoy receiving and publishing articles on foreign paper. And while it was a few issues back, several of our larger, special issues of the magazine focused on foreign currency. However, it also goes without saying that if you are interested in foreign currency collecting, there is a terrific organization, the International Bank Note Society, which has a decided focus on non-US currency. However, the IBNS is in many ways surprisingly akin to the SPMC. It is comparable in overall membership size, it publishes its own fine journal, and generally holds its major meetings in conjunction with shows in various spots around the world. The IBNS differs somewhat from ourselves in that it has an extensive group of local chapters, generally organized regionally.

Coincidentally, and to the point of this month's column, the two organizations share one other thing – both were founded the same year – in 1961. This means they will both celebrate their 50th anniversaries in 2011.

As a result of this interesting coincidence, the two organizations have begun some very tentative but continuing discussions as to how we might celebrate 2011 in ways that are mutually suitable, but most importantly, valuable and enjoyable for our memberships. Peter Symes, the current IBNS President, is an energetic and committed collector, researcher, writer and advocate for his organization. It has been my pleasure to meet with him both in Valkenburg [the home of the "Maastricht Show"] and in Memphis. As part of those exchanges and subsequent e-mails back and forth, we have begun to chat about 2011 and what the two organizations might do jointly, if anything.

These chats led to the first formal discussion on the matter, held last month in Valkenburg. Present were three IBNS board members, Tomas Augustsson, Ron Richardson, and

Chris Zellweger, as well as Neil Shafer and your faithful correspondent representing the SPMC. Unfortunately, Peter was unable to make it to the spring Maastricht, but was acknowledged as being there in spirit. Despite his absence, over a pleasant dinner we had a relaxed but productive exchange of ideas, and the next evening, I was invited to the IBNS Board meeting as some of our discussions were "bounced" off the assembled board members. It would be unfair and premature to get into any detail whatsoever at this point, but suffice it to say that there is a generally optimistic tone in play, and since we do expect to see Peter at this coming Memphis, it is fair to expect both organizations to talk further at that point. Incidentally, any members as may have ideas for this collective or wish to participate going forward are very much encouraged to contact me or their favorite SPMC officer.

While we are on the topic of collecting paper money from other lands, one of the great and well known collectors of coins and I were chatting over a dinner at an ANA held several years ago. He being an individual who has bought and sold many of the great numismatic treasures, and who that very day had parted with a registry set passionately assembled, I commented that I found it impossible to part with any of the items from my pursuits. He made a comment I have never forgotten – he said, quite matter-of-factly, "Well, Mark, you get to where you get." By this I think he meant that even he, an individual of heady resources, reaches a point in this hobby where he cannot add to an advanced accumulation. His way of dealing with this conundrum is to move on and start off in a new direction.

As collectors, if we are assiduous, we all run the risk of "getting to where we get." We are all different, and therefore how we deal with that eventual challenge varies. If you have found yourself, be it for lack of additional acquisition opportunity, or some eventual limit on resources, or having completed your initial goal, pondering what to pursue next, I suggest you not exclude foreign paper as you ponder. As a U.S. and foreign paper money collector myself, I can only tell you that many of the aspects of what we love in U.S. paper can be found in a surprising number of forms in other places. Whether it is the sheer appeal of banknote design, it is out there; if it is the issues borne of civil conflict, they are out there, and they backdrop dramatic stories that are the equal of those told by our Colonial and Confederate notes. If emergencies or necessity money are your bag, there is no lack of artifacts. If you are intrigued by the economics and history that produced our rich obsolete note and National Bank Note heritages, you will find 19th and 20th century private/semi-private issues in so many other contexts.

Just as it is hard to visit Memphis and not be tempted by an "extension" on to the collecting house, a visit to Valkenburg can do the same. And while not everybody has a trip to the Netherlands on their agenda, a visit to the world paper money inventories at Memphis or at your next favorite show is not to be missed if you have not let yourself be tempted before. While it may be possible to "collect too much," that is probably not as bad as the alternative.

So, looking forward to seeing as many of you at Memphis and at the Society breakfast as possible, with an eye to our 50th anniversary in the coming year, here's to safe travels to and from Memphis and wherever your 2010 summer plans take you.

Sincerely,

Mark



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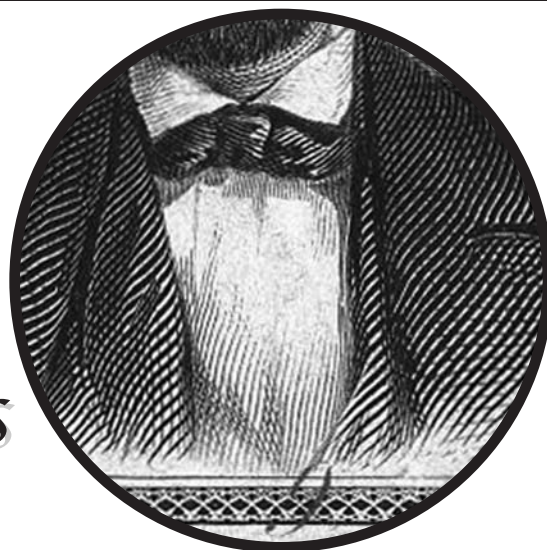
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1 2 3 4 5 6 7 8 9 10 11 12 13 ? ? 16 17 18 19 20 21 22 23 25 ? 26 27 28

# 4th Issue Seal Plate Numbers on Lincoln Fractional Notes

by Rick Melamed



**A** WHILE BACK FRACTIONAL DEALER AND FRIEND ROB Kravitz and I were discussing 4th issue Lincolns (Fr-1374s) and their Treasury Seal face plate numbers. While continuing the research on inverted and mirrored plate numbers, I was commenting to Rob about not finding any examples on 4th issue Lincolns. Inverted/Mirrored seal plate numbers show up on other 4th issue denominations: 10¢, 15¢ and 25¢...but not on any 50¢ Lincolns (just regular plate numbers).

Rob indicated that he was keeping a list of Treasury Seal plate numbers he's found on Lincoln faces as was I. We compared notes and it soon became obvious that, aside from a brief mention in Milton Friedberg's *Encyclopedia of United States Fractional and Postal Currency* and D.W. Valentine's reference, *United States Fractional Currency*, no deeper plate number research has been done for the Lincoln fractional. Knowing that we have frequently observed Treasury Seal plate numbers on Lincolns coupled with the amount of available auction archive data, gave us hope that a good research article could be accomplished. We had high expectations, but the results were far better than imagined.

## Research

By observing 4,000+ Fourth Issue notes (via actual notes, high resolution scans, auction catalogs, websites, etc.) we have been able to identify a near complete sequence of Lincoln Treasury Seal face plate numbers. While current BEP records are complete for the 2nd and 3rd fractional issues, no complete (or near complete in this instance) record of any 4th issue Treasury Seal plate numbers existed until now.

Whatever records existed were believed to be lost in a fire at the BEP. In the 1970s Martin Gengerke was able to locate a ledger with the complete listing of the 2nd and 3rd issues, but the 4th issue was incomplete. Information on the 2nd and 3rd series was available in Martin's article in *Paper Money* (1972) and my follow-up article on inverted and mirrored fractional plate numbers which reprinted Martin's research in *Paper Money* Jan/Feb 2003.

We can now add to the BEP records with a near complete accounting of 4th issue Lincoln Treasury Seal plate numbers. That is only one of three plates needed to produce the Lincoln fractional, but significant nonetheless. The Lincoln note was printed in three separate stages using an face subject plate, face seal plate and back plate.



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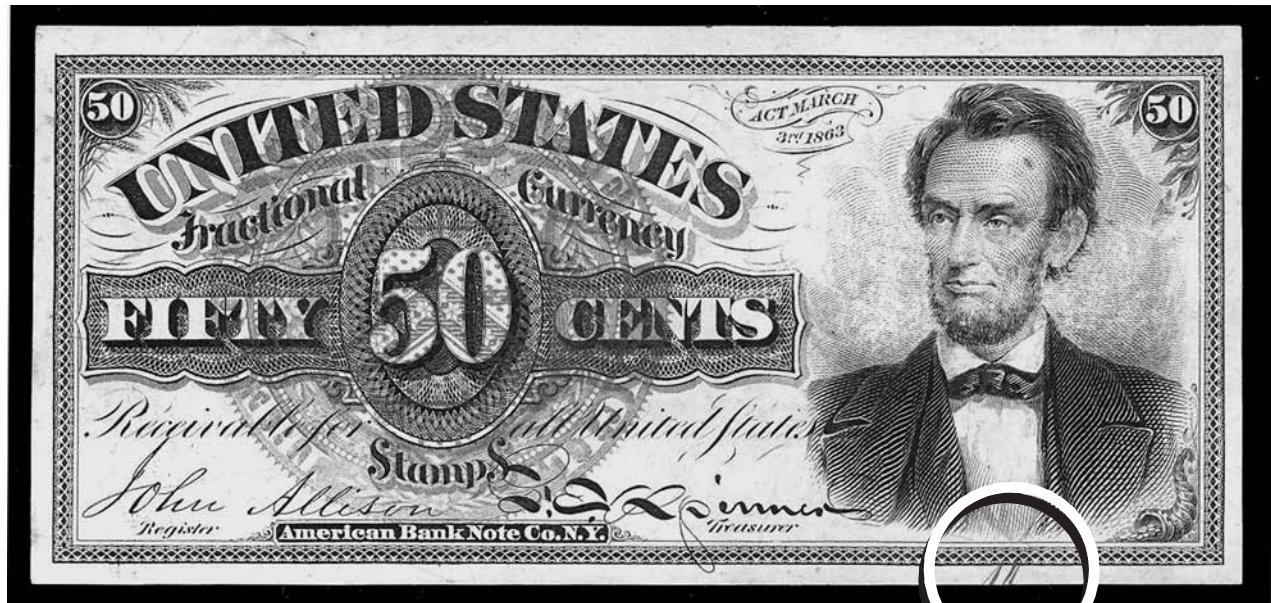
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Between Rob Kravitz, the D.W. Valentine reference, Milt Friedberg's encyclopedia and myself, the following are the combined observed Treasury Seal plate numbers on the Lincoln fractional: 1-13, 16-23, 25-28 (missing 14, 15, 24)

That's 25 out of a possible 28 (89%) observed....though we only have scans of 21 different examples to date (**see illustrations following**).

We have observed more than 80 different Lincoln fractionals with Treasury Seal plate numbers and the highest observed number on a Lincoln is 28. It is our opinion that 28 is the highest Treasury Seal plate number used. The Lincoln fractional had a relatively short run of six months (from July to December 1869). If anyone has information on any Lincoln fractional with a seal plate number not listed, please advise (email: [riconio@yahoo.com](mailto:riconio@yahoo.com)). It will be duly noted and we will add it to the census. A high resolution scan would also be appreciated.

## History

At this time, please allow me a moment to discuss the origins of the Lincoln fractional. Because of the widespread counterfeiting of the previous series of fractionals, 4th issue notes were created. They included a more sophisticated manufacturing process containing imbedded fibers in the note, more ornate engraving and the inclusion of a Treasury Department seal.

From an aesthetic point of view, the note has a magnificent portrait of our 16th President. Engraved by Scottish born Charles Burt in 1869, it shows a three-quarter portrait with Lincoln's head slightly tilted to the right and his eyes are looking towards the horizon. The entire note is well balanced with a large red seal to the left and Lincoln's portrait on the right. The depiction is strong and inspiring; it is arguably one of the finest portraits on any issued Lincoln note.

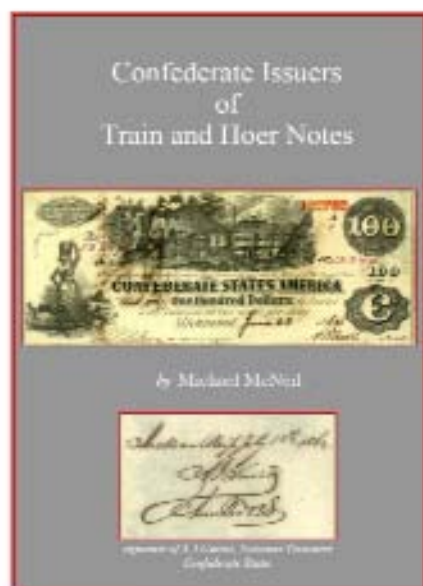
It is generally believed that Lincoln subject faces had 2 plate numbers and most likely a single back plate number.

(1) The face plate (which contains the 12 Lincoln subjects) was manufactured by the American Bank Note Company. The corresponding plate number was likely positioned in the selvage and no known examples exist.

(2) The Treasury Seal face plate contained just the Treasury Seals and the corresponding plate number. The numbers that we see fairly regularly on Lincolns are from the seal plate. These plate numbers are the same red/reddish brown color as the seal. It is interesting to observe that whether a brown seal or red seal . . . the colors invariably match.

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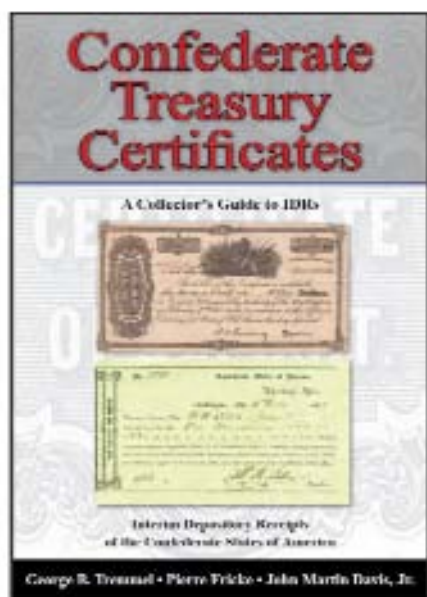
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(3) The back plate was engraved at the National Bank Note Company. The sheet plate number, if it existed, was most likely engraved into the selvage. Like the face sheet plate number, there are no known examples of a Lincoln with a back plate number.

Since the only known surviving sheet had the selvage trimmed off, there are no known examples of a Lincoln with a sheet or back plate number.

Lincoln notes were printed in sheets of 12 (3 across and 4 down). The one existing Lincoln sheet was sold in May 2004 (Lot 1007 Ford Sale – formerly in F.C.C. Boyd's collection). It sold for \$39,000 plus the buyer's commission. The sheet had plate number 9 printed on the face and it is located on the 3rd note down in the far left column.

## Observations

After observing many Lincoln notes with Treasury Seal plate numbers, the following has been observed and worth noting:

- The seal plate number was always engraved onto the plate so when printed it appeared on a vertical axis on or very near the inside of Lincoln's left lapel. It may deviate to the left/right a couple of millimeters, but always on the same vertical axis. Seal plate numbers always appear in the shaded region, above and below the arrows, as shown in the photo below.



Above is a rare Lincoln Proof without the Treasury Seal. Seal plate numbers appear in the shaded area above and below the arrows)

- Specific seal plate numbers were always positioned in the same area. For example: plate #1 is always located on the bottom perimeter border, plate #2 on the left lapel, plate #3 always on Lincoln's shirt inside his left lapel, plate #4 on the top margin, etc.
- Several plate #5s and its corresponding seal have been observed in reddish-brown ink. An example of plate #5 has been observed in red ink as well. Further, no other seal plate number has been found in this reddish-brown ink. This could be evidence that the "brown seal" notes were not a victim of oxidation when plate #5 was used; perhaps too much brown dye was mixed in the ink for a portion of the sheet run. This is only speculation of course.



Seal Plate #7



Seal Plate #1



Seal Plate #2



Seal Plate #3



Seal Plate #4



Red Seal Plate #5



Enlarged

Brown Seal Plate #5



Seal Plate #6



Seal Plate #9





Seal Plate #11



Seal Plate #12



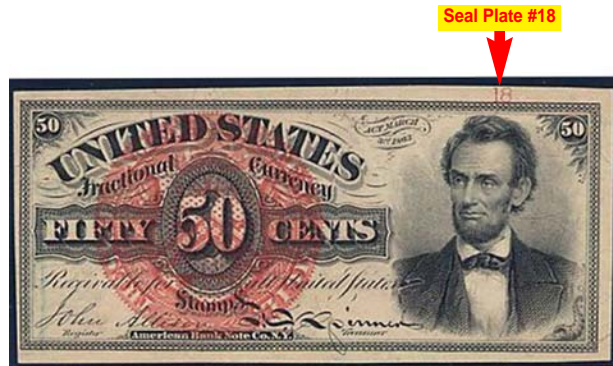
Seal Plate #13



Seal Plate #16



Seal Plate #17



Seal Plate #18



Seal Plate #19



Seal Plate #20



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are involved in a long-term project to describe the history of all currency issued in the State of New Hampshire, as well as to compile a detailed registry of all known notes (whether for sale or not). Our area of interest ranges from issues of The Province of New Hampshire, The Colony of New Hampshire, the State of New Hampshire (1709-1780), issues of the New Hampshire state-chartered banks (1792-1866), and National Bank Notes issued by New Hampshire banks (1863-1935). This will result in a book under the imprimatur of the Society of Paper Money Collectors, with help from the New Hampshire Historical Society, the Smithsonian Institution, and others.

Apart from the above, David M. Swidman is President of Littleton Coin Company, and Q. David Bowers is Co-Chairman of Stack's Rare Coins. For other commercial transactions and business, contact them at their firms directly.



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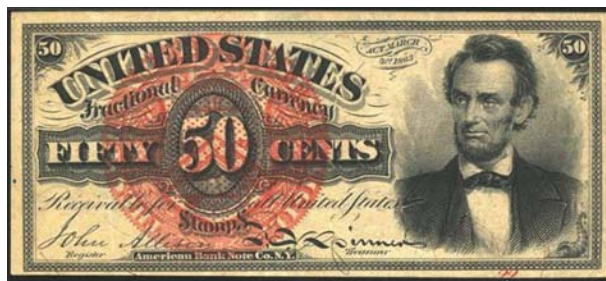
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Seal Plate #21



Seal Plate #22



Seal Plate #23



Seal Plate #26

- Some of the seal plate numbers appear within the subject field as well as the margins. Why weren't the seal plate numbers printed so they just appear in the selvage or the margin? It is also interesting to note that the position of the Lincoln seal plate number was confined to a specific vertical axis, while other lower value 4th issue denominations (10¢, 15¢ and 25¢ notes) seal plate numbers were positioned somewhat more randomly. (For example, I have observed 10¢ 4th issue note seal plate numbers positioned as follows: upper right margin corner; lower right margin corner; on the top and bottom left margin (between 3-12 millimeters in from the left); and within the subject field, bottom-left inside the border.)
- Why are there no seal plate numbers observed on any Stanton (Fr-1376) or Dexter (Fr-1379) 4th issue 50¢ fractional notes? I have viewed hundreds of examples and not a single one has a seal plate number. Perhaps the seal plate number was engraved in the selvage or no seal plate number was used on the Stanton or Dexter face.
- Was the position of the seal plate number on the Lincoln sheet consistently located, as the unique Boyd/Ford example, in the 3rd note down in the first column?
- There are no known examples of mirrored or inverted plate numbers on Lincolns, which is atypical since they show up from time to time on 4th issue 10¢, 15¢ and 25¢ denominations (for more information regarding inverted and mirrored plate numbers, reference my articles in *Paper Money* Jan/Feb 2003 and Jan/Feb 2006).
- Finally, while we now have a fairly complete accounting of seal plate numbers were any other plates produced higher than 28? It seems doubtful considering no higher numbers have been observed and the relatively short run that the Lincoln was in production (six months).



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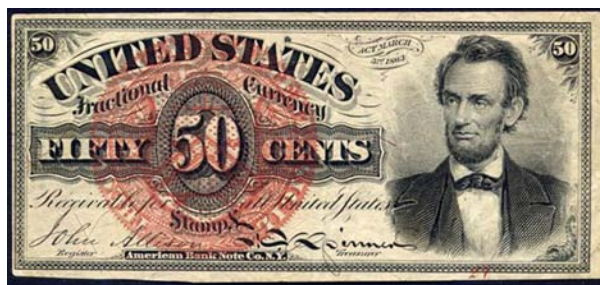


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Seal Plate #27

## Valuations – What are they worth?

At best only 1 out of 12 Lincoln notes can contain a Treasury Seal plate number. The ratio is higher because a certain quantity of notes would have had the plate number trimmed off. Historically, 4th issue plate number notes do not carry a premium...but shouldn't they? Spinner and Justice notes (also printed in sheets of 12) have a singular note per sheet with the "1-a" designation. They carry a premium of 3X to 5X and even more in certain cases. With a best guess total population of Treasury Seal plate Lincoln notes at 100; these notes are scarce. Factor in only 28 seal plate numbers; it is safe to conclude some specific examples probably carry populations of only 1 or 2. In many (but not all) cases the auctioneers mention plate numbers; grading services never do. I think both parties should be diligent and designate plate numbers on the holders or in auction descriptions when they exist. They are part of the note, part of fractional history and deserve this recognition.

## Conclusion

In conclusion, a near complete accounting of Lincoln Treasury Seal plate numbers is noteworthy; that it resurfaced 140 years after production ceased on the Lincoln is a combination of good archival records, good support among the fractional community and a little bit of luck.

A very big thanks to Heritage Auctions. Their database of accessible high resolution scans is quite comprehensive. It's a great tool for researchers and collector's alike and aided me immensely in my research. Also a tip of the hat to Jerry Fochtman, Martin Gengerke, Fred Reed, Dave Treter, Steve Weiner and especially to Rob Kravitz.

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# Here Are a Few Paper Money Design Ideas

## by Wayne Pearson

Dear Editor,

Here are a few new paper money ideas I thought you might like. If you agree with them maybe you could pass them around to someone who has some influence. (designs are shown following)

Sadly *some* people have such disdain for the \$1 bill that they would like to see it eliminated. I say rather than eliminate the \$1 bill, we (1) start using the \$2 bills along with the \$1 bill; and (2) we simply cut production by 50% and save money by adding the \$3 and \$4 denominations.

If we make six \$2 (Jefferson) bills for every 100 \$1 dollar bills already being made, and six \$3 bills with Sacagawea and five \$4 bills with Martin Luther King, that will leave 50 \$1 bills to still be made.

When you get \$3 in change, it won't be three units of money, it could be one. The same for \$4, one unit versus four units of money.

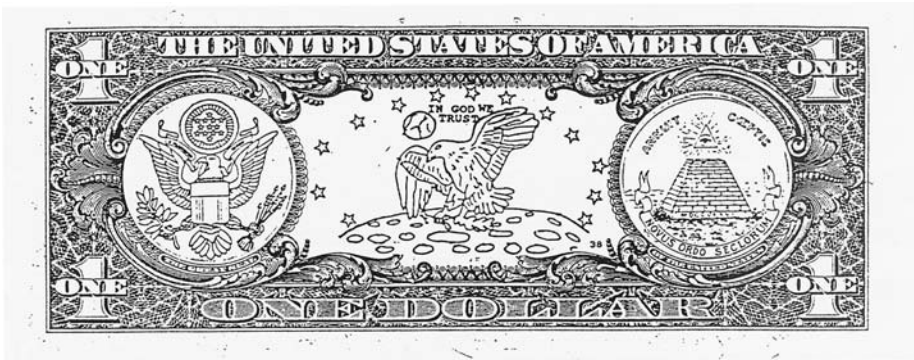
There are five slots in the cash register. One each for the \$1, \$2, \$3, \$4 and \$5 bills. Larger bills can be placed underneath the money tray: \$10s to the left, then \$20s and so forth. Or, the \$2, \$3 and \$4 denominations could be placed under the money tray as long as merchants use the new bills to give back change.

Our so-called friends in Europe are using 200-unit and 500-unit bills. It's galling that a continent that gave up francs, marks, lira, etc., have something that we don't.

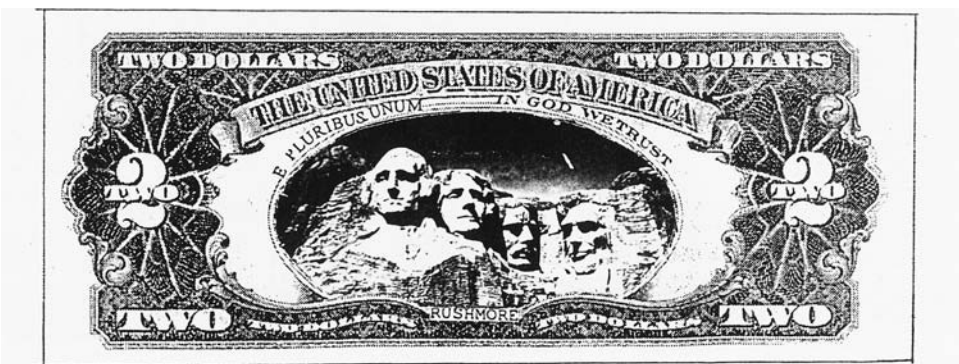
With inflation and the fear that a chashless society could someday exist allowing big brother to monitor one's every purchase from a candy bar to personal items, it would be nice to have some bigger bills.

We could have a \$200 bill with Franklin D. Roosevelt/Iwo Jima, a \$500 bill with Ronald Reagan and an eagle over the flag, and a \$1,000 bill with John F. Kennedy and a beautiful eagle. We once had \$500 and \$1,000 bills.

-- *Wayne Pearson*

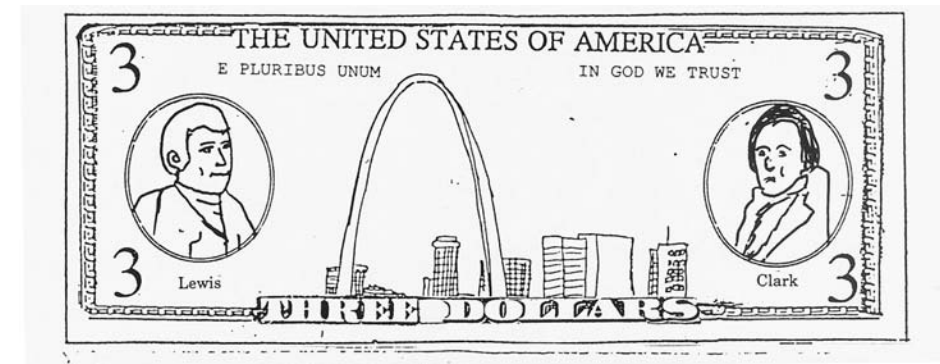


Design proposed for new \$1 Federal Reserve Note by Wayne Pearson

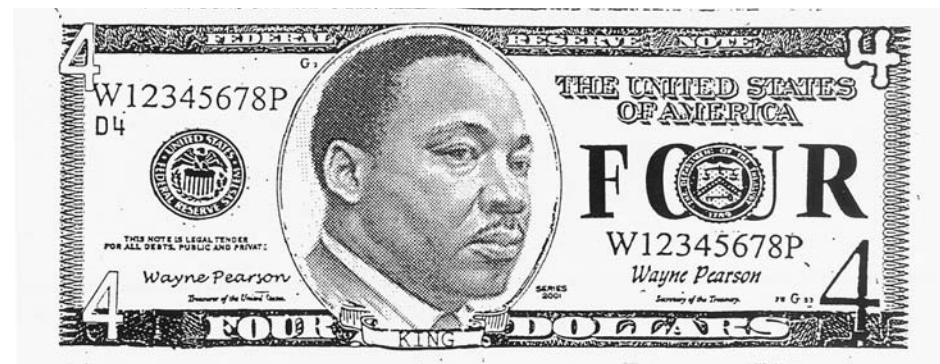


Design proposed for new \$2 Federal Reserve Note by Wayne Pearson

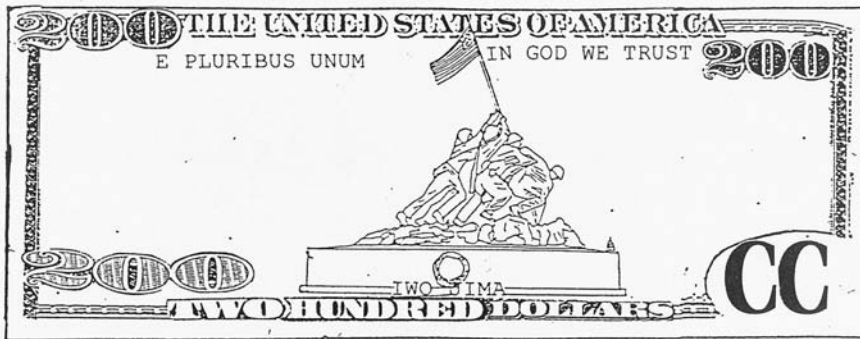
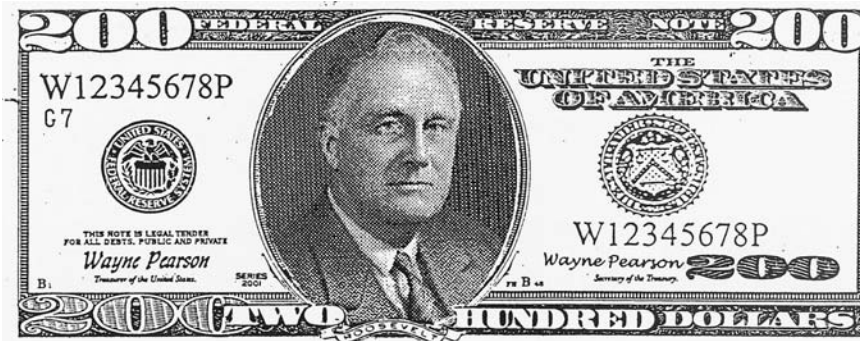




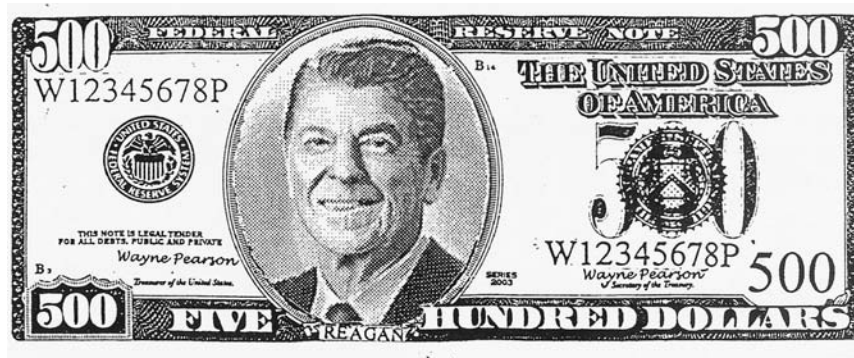
Design proposed for new \$3 Federal Reserve Note by Wayne Pearson



Design proposed for new \$4 Federal Reserve Note by Wayne Pearson



Design proposed for new \$200 Federal Reserve Note by Wayne Pearson



Design proposed for new \$500 Federal Reserve Note by Wayne Pearson





Design proposed for new \$1000 Federal Reserve Note by Wayne Pearson

## Out and about with SPMC members

Dear Fred,

Please let all our members know that we hold membership meetings at many state and regional conventions, and often there is an educational presentation as well. If any of our members are presenting in any venue, be it local coin club, Rotary, men's group at church, please let us know. We can publicize the event on the web site even if we don't know in time to get a notice into *Paper Money*.

At the same time, if members wish to know what is happening in their area please have them send me their email addresses to oldpaper@yadtel.net and I'll be sure they know what's happening.

Thanks,

-- *Judith Murphy*  
SPMC Nat'l Director of Regional Activities

Judith,

The historic tour of the Civil War and Western and Atlantic Railroad sites sponsored by SPMC during the recent 46th Georgia Numismatic Association convention was a great success. We got great coverage in both the *Dalton Daily Citizen* and the *Chattanooga Times Free Press* newspapers. We had ten people on the tour that was scheduled for two hours, but lasted nearly three hours because of all the questions and interest by the participants. A

*Dalton Daily Citizen* reporter met the tour at General Cleburne's statue and interviewed SPMC member David Stevenson (shown at right next to a monument to the historic "General locomotive), who was the tour guide, and a number of the participants.

Other participants included Mack Martin, Ed Jackson, Jim Lusk, Joel Rind (who joined SPMC as a result of the tour), Charles Coker, Chip Cutcliff, Carlotta Jordan, David Crenshaw, Brian Hunt and Dennis Schafluetzel.

-- *Dennis Schafluetzel*

Fred,

Tell Wendell Wolka (answering an attendee's question at left) I enjoyed his talk on Civil War paper money at the Central States Numismatic Society education forum April 10th at Branson, MO. Wendell has so much knowledge and a genuinely pleasing presentation style. I'm sure the other 40 people attending the event were equally pleased.

-- *Wendell's No. 1 fan*



## Illustrations of collections

I HAVE BEEN SCANNING THE OBSOLETE NOTES in my collection. Two reasons; first for security I can leave the notes in a safe deposit box and still enjoy looking at them without worrying about losing them. (I have actually lost notes in my home office; never to be seen again.) And second, to use the virtual notes for creating displays without handling the notes, thereby protecting their condition. (I don't want them encapsulated; grading seems inappropriate for obsoletes, to me.)

Some other, really neat, additional benefits have occurred from digitizing the notes. One in particular that I like is the ability to upsize the note so I can examine details, such as signatures, which often are illegible from looking at the actual note. The notes fill my 17 inch wide computer screen, showing all of their details. I can study minute engravings of vignettes and portraits. And I can zoom in on signature areas and often detect patterns that allow determination of the signer's name, or what the hand written serial number is.

Once digitized and filed in the



It occurs to me...  
Steve Whitfield

computer, I can e-mail color images of the note instantly or print copies of any size for use in displays. I can also put them on a disk to mail or use in a presentation. It allows me to share my collection with others and they to share their notes with me and thus fill in what would otherwise be blank spaces in my note albums. In fact, the copies are so good that I'm not sure I need the actual notes any more. There is still the thrill of finding rare notes and owning them, but no longer are they "must have at any cost" items. A color copy at 300 dpi fills the bill if the price appears unreasonable or is simply too expensive.

Today's computers, cameras and scanners are a million miles from how notes were illustrated as I remember from forty years ago. Often a note had to be described verbally in order to convey its appearance. Black and white photography had to be done with a photo stand in order to get an undistorted picture, and unless professionally done, the image was often poor. Xerox quality was abysmal and rarely available. Auction catalogs had few black and white illustrations and they were usually small sized.

Today's paper auction catalogs are heavily illustrated in full color (and also very heavy). And the auction firms are often happy to e-mail you a digital image of a note, or notes, that you want to examine more closely.

Note illustrating has come a long way to being easy to do and producing top quality. I wonder what the future holds. Will, one day, every existing currency note be illustrated in a searchable data base? Can it get any better? ♦

## The Editor's Notebook

Fred L. Reed III

[fred@spmc.org](mailto:fred@spmc.org)

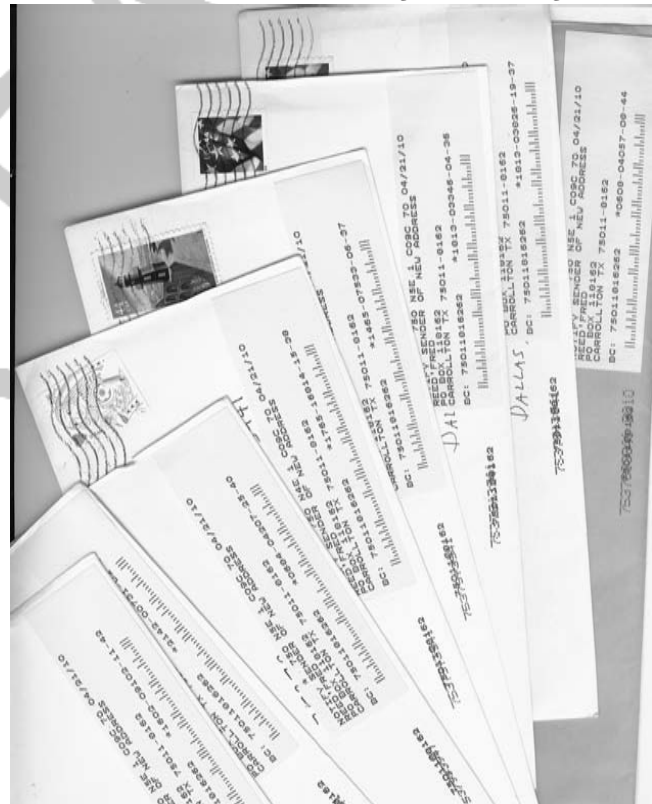


### What's going on here?

WE APOLOGIZE TO CORRESPONDENTS WHO have attempted to reach *Paper Money* at our 75390 Post Office box in Dallas, Texas. We closed that box at the end of December and gave them a forwarding notice. The new *Paper Money* address was finally published in the March/April issue of PAPER MONEY, since the Jan/Feb issue had gone to the printer at the end of November.

When no mail was forwarded for several months, I went back and inquired. Recently I got a pile of forwarded mail dated 04/21/10 (see attached photo for a portion of that mail.) Letters in that lot were postmarked originally from early January through April.

I believe we have worked through that backlog of mail



now. If you have attempted to contact *Paper Money* via U.S. Mail in the last several months, and have not received a response of some kind please be advised that our new mailing address is P.O. Box 118162, Carrollton, TX 75011-8162. Mail there, or emails to the editor at [fred@spmc.org](mailto:fred@spmc.org) are always welcome. ♦



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